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TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1907.

No. 81.

LEEDS AND CATLIN COMPANY, PETITIONER,

vs.

VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAPHOPHONE COMPANY.

MINNESOTA STATE LIBRARY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

PETITION FOR CERTIORARI FILED MAY 11, 1907.
CERTIORARI AND RETURN FILED JUNE 17, 1907.

(20,708.)

(20,708.)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1907.

No. 308.

LEEDS AND CATLIN COMPANY, PETITIONER,

vs.

VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

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a United States Circuit Court of Appeals for the Second Circuit.

THE LEEDS & CATLIN COMPANY, Plaintiff in Error (Defendant Below),

vs.

THE VICTOR TALKING MACHINE COMPANY and THE UNITED STATES GRAMOPHONE COMPANY, Defendants in Error (Complainants Below).

Transcript of Record.

Error to the Circuit Court of the United States for the Southern District of New York.

Printed under the Direction of the Clerk.

1 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

Petition for Writ of Error.

And now comes Leeds & Catlin Company, conceiving itself aggrieved by the judgment or decree entered herein on the 11th day of January, 1907, adjudging said Leeds & Catlin Company to be in contempt of court for having violated the order and writ of injunction issued herein, and fining said Leeds & Catlin Company in the sum of one thousand dollars ($1,000), one-half to the United States and one-half to complainants, to be paid to the Clerk of this Court, and hereby prays that a writ of error be allowed from said judgment or decree returnable to the United States Circuit Court of Appeals for the Second Circuit, and that a transcript of the records and proceedings and papers upon which said judgment or decree was made, duly authenticated, may be sent to the said United States Circuit Court of Appeals for the Second Circuit.

2 And defendant presents herewith its assignment of errors.

Dated New York, January 26, 1907.

LOUIS HICKS,
Solicitor for Defendant, 71 Nassau Street, New York.

And now, to wit, on this 26th day of January, 1907, it is ordered that the above writ of error be allowed as prayed for.

E. H. LACOMBE,
U. S. Circuit Judge.

Service of a copy of above petition and order on this 31st day of January, 1907, is hereby admitted.

STIMSON & WILLIAMS,
Solicitors for Complainants.

Filed January 31, 1907.

Writ of Error.

UNITED STATES OF AMERICA, *ss:*

The President of the United States of America to the judges of the circuit court of the United States for the southern district of New York, Greeting:

Because in the record and proceedings, as also in the rendition of the judgment of a plea which is in the said Circuit Court before you, or some of you, between Victor Talking Machine Company and United States Gramophone Company, complainants and defendants in error, and Leeds & Catlin Company, defendant and plaintiff in error, a manifest error hath happened to the great damage of
3 said Leeds & Catlin Company, as is said and appears by its complaint; we, being willing that such error, if any hath been, should be duly corrected and full and speedy justice done to the parties aforesaid in this behalf, do command you, if judgment be therein given, that then, under your seal, distinctly and openly, you send the record and proceedings aforesaid, with all things concerning the same, to the Judges of the United States Circuit Court of Appeals for the Second Circuit, at the court rooms of said court in the Post Office Building, in the City of New York, together with this writ, so that you have the same at the said place before the Judges aforesaid, on the 23d day of February, 1907, that the record and proceedings aforesaid being inspected, the said Judges of the United States Circuit Court of Appeals for the Second Circuit may cause further to be done therein to correct that error, what of right according to the law and custom of the United States ought to be done.

Witness, the Honorable Melville W. Fuller, Chief Justice of the Supreme Court of the United States, this 26th day of January, in the year of our Lord one thousand nine hundred and seven, and of the Independence of the United States the one hundred and thirty-first.

JOHN A. SHIELDS,
Clerk of the Circuit Court of the United States of America for the Southern District of New York, in the Second Circuit.

The foregoing writ is hereby allowed.

E. HENRY LACOMBE,
U. S. Circuit Judge.

Service of a copy of the foregoing writ of error is hereby admitted this 31st day of January, 1907.

STIMSON & WILLIAMS,
Solicitors for Complainants.

Filed January —, 1907.

4 UNITED STATES OF AMERICA, *Southern District of New York, ss:*

I, John A. Shields, Clerk of the Circuit Court of the United States of America for the Southern District of New York, in the Second Circuit, by virtue of the foregoing writ of error, and in obedience thereto, do hereby certify that the following pages, numbered from five to one hundred and thirty-four, inclusive, contain a true and complete transcript of the record and proceedings had in said Court in the cause of Leeds & Catlin Company, plaintiff in error, against Victor Talking Machine Company and United States Gramophone Company, defendants in error, as the same remain of record and on file in said office.

In testimony whereof, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, in the Second Circuit, this eighth day of February, in the year of our Lord one thousand nine hundred and seven, and of the Independence of the United States the one hundred and thirty-first.

[SEAL.] JOHN A. SHIELDS, *Clerk.*

(Endorsed:)—U. S. Circuit Court, Southern Dist. of New York.—Victor Talking Machine Co. and United States Gramophone Co., Complainants, against Leeds & Catlin Company, Defendant. (Original.)—Writ of Error.—Louis Hicks, Solicitor for Defendant, 71 Nassau Street New York, N. Y.—U. S. Circuit Court, Southern District of New York.—Filed Jan. 31, 1907.—John A. Shields, Clerk.

5 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

To Leeds & Catlin Company, its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen, and employees:

Please take notice that a Rule has been issued against you, and each of you, to show cause why an attachment should not be issued against you and each of you, for contempt of Court, by reason of violating and disobeying the preliminary injunction in this cause, issued out of and by authority of this Court, on the twenty-seventh day of October, 1906, and that the said Rule is returnable Friday, the 23d day of November, 1906, at two o'clock in the afternoon, in the Circuit Court of the United States for the Southern District of New York, in the Post Office Building, in the Borough of Manhattan, City, County and State of New York.

That upon the hearing of said Rule, the complainants herein will read and rely upon, among other things, the papers, copies of which are herewith served upon you, and the exhibits referred to
6 therein, the originals of said papers, and the said exhibits, being on file in the office of the Clerk of the Circuit Court of the United States for the Southern District of New York, in the Post Office Building, Borough of Manhattan, City, County and State of New York.

HORACE PETTIT,
Of Counsel for Complainants.

November 19, 1906.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

And now, to wit, November 19, 1906, upon reading the petition of the Victor Talking Machine Company and the United States Gramophone Company, the above-named complainants, and the affidavits and certified copy of the preliminary injunction, and the return thereon, which accompany said petition, it is

Ordered that a rule issue against the above named Leeds & Catlin Company, its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen and employees, to show cause why an attachment should not issue against it and each of them for
7 contempt of Court by reason of violating and disobeying the hereinafter mentioned preliminary injunction of this court, issued out of and by authority of this Court on the twenty-seventh day of October, 1906; the said rule returnable on the 23d day of November, 1906, at the courtroom of the United States Circuit Court for the Southern District of New York, in the Post Office Building, Borough of Manhattan, City, County and State of New York.

And that any affidavits to be used in opposing said attachment for contempt be served on complainants' solicitors not later than two o'clock p. m., November 22, 1906.

(Sgd.) E. HENRY LACOMBE, *U. S. C. J.*

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendants.

The petition for order to show cause why the defendant herein, Leeds & Catlin Company, its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen and employees, should not be attached for contempt of Court for violating
8 and disobeying the preliminary injunction issued out of and by the authority of this Court.

To the Honorable the Judges of the United States Circuit Court of the Southern District of New York:

The petition of the complainants, the Victor Talking Machine Company and the United States Gramophone Company, respectfully represents unto this Honorable Court:

First. That your petitioners are the complainants in the above entitled suit which was brought against Leeds & Catlin Company for infringement of Letters Patent to Emile Berliner, No. 534,543, dated February 19, 1895, for Gramophone, and for an injunction and an accounting of damages and profits.

Second. That on the 13th day of April, 1906, a motion by the complainants for a preliminary injunction was heard by this Honorable Court, and on the 26th day of April, 1906, a decision was rendered by his Honor, Judge William K. Townsend, granting a preliminary injunction against the defendant, the Leeds & Catlin Company, for infringement of said Letters Patent, as prayed for in the bill of complaint.

Third. That on the 2nd day of May, 1906, a decree was entered in accordance with the aforesaid decision.

Fourth. On the 2nd day of May, 1906, upon the motion of the defendant for a stay of the preliminary injunction, pending an appeal to the Circuit Court of Appeals, leave to make which motion was contained in said decision of Judge Townsend, so filed on April 26th, 1906, the said preliminary injunction was stayed pending the decision of the Circuit Court of Appeals, upon the condition
9 that the defendant enter security in the sum of ten thousand dollars ($10,000), to indemnify the complainants for damages and profits due to infringement accruing during the period of said stay, which security was entered by the defendant.

Fifth. That thereafter the defendant perfected an appeal to the United States Circuit Court of Appeals for the Second Circuit, which appeal was argued on October 11th and 12th, 1906, before the Honorable Judges Wallace, Lacombe and Coxe, and that on October 12,

1906, the decree of the Circuit Court of the United States for the Southern District of New York granting a preliminary injunction was affirmed orally by the Honorable Judge Wallace, on behalf of the Court.

Sixth. That on October 23d, 1906, the mandate issued out of the United States Circuit Court of Appeals for the Second Circuit, affirming the said decree of the United States Circuit Court for the Southern District of New York, so entered on May 2, 1906, which mandate was filed in the United States Circuit Court for the Southern District of New York on October 27th, 1906.

Seventh. That on the same day, to wit, October 27, 1906, a decree in accordance with said mandate was signed and filed, in which it was ordered

"That a writ of preliminary injunction issue in this cause restraining the defendant, the Leeds & Catlin Company, its associates, servants, clerks, agents and workmen, and each and every one of them, from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of Claim 35, of the Letters Patent in suit, which claim reads as follows, namely:

'35. In a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described.'

And from manufacturing, using or selling, or in any way disposing of apparatus or devices which embody the method specified in Claim 5 of Letters Patent in suit, which claim reads as follows, namely:

'5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described.'

And from using or employing in any way the method specified in said Claim 5."

Eighth. That on the same day, to wit, October 27, 1906, a preliminary injunction was issued out of this Court, enjoining and commanding the above-named defendant, Leeds & Catlin Company, its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen and employees, and each and every one of them from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of Claim 35 of the Letters patent in suit, which claim reads as follows, namely:

"35. In a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described."

And from manufacturing, using or selling, or in any way disposing of apparatus or devices which embody the method specified in Claim 5 of Letters Patent in suit, which claim reads as follows, namely:

11 "5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described."

And from using or employing in any way the method specified in said Claim 5.

A certified copy of said preliminary injunction and the return thereon is hereto annexed.

Ninth. That said preliminary injunction was served by William Henkel, United States Marshal for the Southern District of New York, on the 29th day of October, 1906, on the said Leeds & Catlin Company, the defendant, by giving to Edward F. Leeds, as President of said Leeds & Catlin Company, a true copy of said preliminary injunction on the 29th day of October, 1906, and making the contents thereof known to the said Edward F. Leeds, as will appear by the certified copy of the preliminary injunction and return thereon hereto annexed.

Tenth. Your petitioners further show that in violation and in utter disregard of the aforesaid preliminary injunction, the defendant herein, The Leeds & Catlin Company, since the said preliminary injunction was served upon it on the 29th day of October, 1906, has made, used and sold, and has permitted its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen and employees, to make, use and sell, without license of the Victor Talking Machine Company or The United States Gramophone Company, the above named complainants, sound reproducing records forming an essential part of the sound reproducing apparatus and devices forming the subject matter of Claim 35 of the Letters Patent in suit, said records being made and sold to be used in the method specified in Claim 5 of the Letters Patent in suit in infringement of

12 the rights of the complainants herein, as set forth in said bill of complaint, as will more fully appear from the affidavits hereto annexed and from the exhibits referred to in said affidavits.

Said sound reproducing records thus made, sold and used by the defendant being flat disc sound records having an undulatory groove of even depth, spirally provided upon the base of the record disc in all respects the same as the sound reproducing records formerly made, used and sold by the defendant and which the said defendant was enjoined by said preliminary injunction from making, using or selling for sound-reproducing purposes, in accordance with the claims 5 and 35 of said patent in suit.

Eleventh. Your petitioners further show that in utter disregard of the aforesaid preliminary injunction, the defendant herein, the Leeds & Catlin Co., since the said preliminary injunction was served upon it on the 29th day of October, 1906, has made and sold, and has permitted its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen and employees, to make and sell without license of the Victor Talking Machine Co. and the United States Gramophone Co., the above named complainants, the said sound reproducing records for use in carrying out the methods specified in

Claim 5 of said Letters Patent in suit, and made and sold the same to others with the knowledge that the said sound reproducing records were to be used in carrying out the said method of Claim 5 and in the combination of Claim 35, of the Letters Patent in suit, by others, without license from the complainants, and in infringement of the rights of the complainants herein, as set forth in said bill of complaint, as will more fully appear from the affidavits hereto annexed, and from the exhibits referred to in said affidavits.

Twelfth. Wherefore your petitioners pray that this Honorable Court make and order, directed to the said defendant, Leeds &
13 Catlin Company, and its president, Edward F. Leeds, commanding it and him, at a date and place to be therein named, to be and appear before this Honorable Court, and to show cause, if any it or he has, why it and he should not be attached and punished for it and his contempt of the injunction issued out of and by the authority of this Honorable Court, and in support of this petition your petitioners humbly pray that the annexed certified copy of the preliminary injunction and the return thereon, and the affidavits be read and considered.

And your petitioners will ever pray, &c.

(Sgd.) STIMSON & WILLIAMS,
Solicitors for Complainants.

(Sgd.) HORACE PETTIT,
Of Counsel for Complainants.

Philadelphia, Pa., November 15, 1906.

STATE OF PENNSYLVANIA,
City and County of Philadelphia, ss:

On this fifteenth day of November, 1906, personally appeared Albert C. Middleton, who, being duly affirmed, deposes and says, that he is secretary of the Victor Talking Machine Company, one of the complainants herein; that he has read the foregoing petition subscribed by him, and that he knows the contents thereof, and that the same is true of his own knowledge, except as to those matters stated on information and belief, and that as to those matters he believes it to be true.

(Sgd.) ALBERT C. MIDDLETON.

Affirmed and subscribed to before me this fifteenth day of November, 1906.

(Sgd.) JOHN B. RUTHERFORD,
[SEAL.] *Notary Public.*

Commission expires Feb. 27, 1909.

14 The President of the United States to Leeds & Catlin Company, its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen and employees, Greeting:

Whereas, it has been represented to us in our Circuit Court of the United States for the Second Circuit and Southern District of New York, that Letters Patent of the United States were issued upon certain improvements and inventions or discoveries of Emile Berliner, in due form of law, on the 19th day of February, 1895, No. 534,543, for gramophone, and that said Letters Patent were duly assigned to the United States Gramophone Company, and that the Victor Talking Machine Company was duly licensed under said Letters Patent, and that you, the said Leeds & Catlin Company, have infringed the fifth and thirty-fifth claims thereof:

Now, therefore, we strictly command and enjoin you, the said Leeds & Catlin Company, and your associates, servants, clerks, agents and workmen, and each and every one of you, from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of claim 35 of the Letters Patent in suit, which claim reads as follows, namely:

"35. In a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described,"

And from manufacturing, using or selling, or in any way
15 disposing of apparatus or devices which embody the method specified in Claim 5 of Letters Patent in suit, which claim reads as follows, namely:

"5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described."

And from using or employing in any way the method specified in said Claim 5.

Witness the Honorable Melville W. Fuller, Chief Justice of the United States, at the City of New York, on the 27th day of October, 1906.

JOHN A. SHIELDS, *Clerk.*

HORACE PETTIT,
Of Counsel for Complainants.

(Endorsed:) No. 8797—United States Circuit Court, Southern District of New York.—In Equity.—Victor Talking Machine Co. and The United States Gramophone Company, Complainants, *vs.* Leeds & Catlin Company, Defendant.—Preliminary Injunction.

I hereby certify, That on the 29th day of October, 1906, at the City of New York, in my district, I served the within Preliminary Injunction upon the within-named defendant Leeds & Catlin Company by exhibiting to Edward F. Leeds, as President of said Company at No. 53 East 11th Street, N. Y. City, the within original, and at the same time leaving with him a copy thereof. Wm. Henkel,

United States Marshal, Southern District of New York. Dated Oct. 29th, 1906.

U. S. Circuit Court, Southern District of New York. Filed Oct. 29th, 1906, John A. Shields, Clerk.

(A Copy.)

JOHN A. SHIELDS, *Clerk.*

16 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

Affidavit of Thos. W. Luck.

Court Attachment for Contempt.

STATE OF NEW YORK, *City and County of New York:*

Thomas W. Luck, being duly sworn according to law, deposes and says as follows:

I am of lawful age and my residence is Arlington, New Jersey.

On the eighth day of November, 1906, I went to the place of business of the Leeds & Catlin Company, at No. 53 East Eleventh street, Borough of Manhattan, City and County of New York.

When I went into said place of business I told the sales person who came to wait upon me that I wished to buy some records for talking machines and was given a catalogue, from which I picked out certain numbers or selections, which I told said sales

17 person I wished to purchase. The records which I so selected were then and there delivered to me by said sales person, and I paid for same four dollars and twenty cents and received a receipted bill therefor, which is attached hereto and marked "Complainant's Exhibit" Luck Bill, and *and* upon which I have placed my initials and the date as follows: "T. W. L. 11/8/06." As shown by said bill, I purchased seven records, and on the back of each of those seven records I have scratched my initials and the date as follows: "T. W. L. 11/8/06."

The titles of the records which I have so purchased are as follows: Lonesome Little Maid, No. 45,260; Alice, Where Art Thou Going, No. 45,288; A Warrior Bold, No. 45,290; A Banjo Evangelist, No. 44,816; She's Just a Little Different from the Others that I Know, No. 44,918; He Laid Away the Suit of Gray to Wear the Union Blue, No. 44,910; My Cozy Corner Girl, No. 44,915.

The said seven records accompany this affidavit and are marked Complainant's Exhibit Luck Records No. 1, No. 2, No. 3, No. 4, No. 5, No. 6 and No. 7.

When I paid for these records and they were delivered to me, I left the said place of business.

(Sd.) THOMAS W. LUCK.

Subscribed and sworn to before me the seventeenth day of November, 1906.

(Sd.) HERMAN J. HAAS,
[SEAL.] *Notary Public* (*No.* 239), *New York County.*

18 No claims allowed unless made within fifteen days after shipment. Claims for Breakage, Loss and Detention to be made on the Transportation Companies.

Our responsibility ceases when we obtain a receipt for goods shipped in good order.

Leeds & Catlin Co.

Making the Loudest and Clearest Cylinder and Disc Records at 53 East Eleventh Street.

Terms

Conveyance

NEW YORK, *Nov'r 8th*, '06.

Sold to Cash

Your Order No.

7 Imperial Records at .60..... 4.20

Received payment,

LEEDS & CATLIN CO.
J. H. D.

T. W. L.
11/8/06.

Circuit Court of the United States, Southern District of New York.
In Equity. No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

COMPLAINANTS' EXHIBIT LUCK BILL.

(Sd.) HERMAN J. HAAS,
[NOTARY SEAL.] *Notary Public, New York County,* #239.

19 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE CO., Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

Affidavit of Charles M. Hemenover.

Sur-attachment for Contempt.

STATE OF NEW YORK, *City and County of New York:*

Charles M. Hemenover, being duly sworn according to law, deposes and says as follows:

I am of lawful age, and reside at East Orange, in the State of New Jersey.

On November 9, 1906, I went to the establishment of the Leeds & Catlin Company, No. 53 East Eleventh street, Borough of Manhattan, City and State of New York, and told the person who waited upon me that I wished to purchase some Imperial records. I was given some catalogues of the records, from which I selected five Imperial records, and told the sales person that I wished to purchase same. These records which I so selected were taken out of their stock and delivered to me, and I paid the sales person who
20 waited upon me three dollars for same, and then left the said place of business of the Leeds & Catlin Company.

The said five records which I so purchased have labels on them containing the following designations, namely, El Capitan, 44,828; Stars and Stripes Forever, 44,894; Traumeri, 45,252; Yeoman Wedding Song, 45,286; A Warrior Bold, 45,290.

The said five records which I so purchased accompany this affidavit, and are marked "Complainants' Exhibits Hemenover Records" No. 1, No. 2, No. 3, No. 4, No. 5, and on the back of each of these records I have scratched my initials and the date as follows, namely, C. M. H., 11/9/06.

(Sgd.) CHARLES H. MEMENOVER.

Subscribed and sworn to before me this seventeenth day of November, nineteen hundred and six.

(Sgd.) HERMAN J. HAAS,

[SEAL.] *Notary Public* (*No.* 239), *New York County.*

21 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE — and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Affidavit of Albert Platz.

Sur-attachment for Contempt.

STATE OF NEW YORK, *City and County of New York:*

Albert Platz, being duly sworn according to law, deposes and says as follows:

I am of lawful age and reside at No. 344 De Voe street, Brooklyn, N. Y., and am engaged in selling talking machines, talking machine records and supplies. For over two and one-half years I have been dealing in and selling only the talking machines and talking machine records manufactured by the Victor Talking Machine Company, of Camden, N. J., and am thoroughly conversant with the construction and operation of said Victor Talking Machine and records.

On November 4, 1906, I wrote and mailed a letter to the Leeds & Catlin Company, at No. 53 East Eleventh street, Borough of Manhattan, State of New York, on my letter head, which stated that I was an exclusive dealer in Victor machines and records, which
22 letter head also contained the well known trade-mark and device of the Victor Talking Machine Company, namely, the picture of a dog listening to a talking machine. A copy of this letter is attached hereto and marked "Complainant's Exhibit Platz Letter," from which it will be seen that I asked the said Leeds & Catlin Company to quote me prices on talking machine records and in which I also stated that I dealt exclusively in the Victor Talking Machine Company's goods. On or about November tenth, nineteen hundred six, I received a letter from the said Leeds & Catlin Company in reply to my said letter of November 4th, in which the said Leeds & Catlin Company quoted me prices for their records, and which letter is attached hereto and marked "Complainant's Exhibit Platz-Leeds Letter." After receiving the said Complainant's Exhibit Platz-Leeds Letter I wrote again to said Leeds & Catlin Company ordering two dozen records, the order comprising two each of a dozen selections which I picked out from their catalogue which they sent me, and sending them with said letter a post-office money order for seven dollars and twenty cents in payment for said records. This letter and money order I mailed to the Leeds & Catlin Company on November 14, 1906. On November 16th I went to the establishment of the Leeds & Catlin Company, at No. 53 East Eleventh street,

Borough of Manhattan, State of New York, and introduced myself as the Albert Platz who had written to them on November 4th, and to which they had replied by their letter of November 7th, hereto attached, and said that I wanted some records at once. I asked them when they would be able to deliver them, and they said I would probably receive them on Monday, the 19th inst. I told them to let that order stand and to supply me with some records at once. Upon my request they got out my letter of November 4th, in which I ordered the said two dozen records, and, after comparing the numbers with the numbers in the catalogue, I then asked them
23 to supply me with the same records, that is to say, two records each of a dozen selections as I had ordered. I went over the numbers which I heretofore selected, and from the stock in the office of the said Leeds & Catlin Company they secured for me twenty-three of this order of two dozen. I purchased these twenty-three records and paid six dollars and ninety cents for same, and received from the sales person who sold them to me a receipted bill, showing that I paid six dollars and ninety cents for the same, which bill is attached hereto and marked "Complainants' Exhibit Platz Bill." The records were then wrapped up and delivered to me, and I left the said place of business of the Leeds & Catlin Company with the said twenty-three records in my possession.

The said twenty-three records which I so purchased from the Leeds & Catlin Company accompany this affidavit, and are marked "Complainants' Exhibits Plattz-Leeds and Catlin Co. Records."

(Sgd.) ALBERT PLATZ.

Subscribed and sworn to before me this seventeenth day of November, nineteen hundred six.

(Sgd.) HERMANN J. HAAS,
[SEAL.] *Notary Public* (*No.* 239), *New York County.*

(Cut) Telephone 18-88-Williamsburg.

Albert Platz, Exclusive Dealer in Victor Machines & Records, 344 Devoe Street.

BROOKLYN, N. Y., *Nov. 4th,* 1906.

Messrs. Leeds & Catlin.

DEAR SIRS: You will notice from my note-head that I am
24 a dealer in Victor talking machines and records exclusively. I would like to handle the Imperial record. Kindly write me and quote dealer prices,

Yours, &c.,

(Sd.) ALBERT PLATZ.

U. S. Circuit Court,
So. Dist. of New York.
In Equity. No. 8797.

VICTOR TALKING MACHINE CO. ET AL.
vs.
LEEDS & CATLIN CO.

COMPLAINANTS' EXHIBIT
PLATZ LETTER.

(Sd.) HERMAN J. HAAS,
[NOTARY SEAL.] *Notary Public, New York County, No.* 239.

Factory, Middletown, Conn. Laboratory at New York.

Leeds & Catlin Co.

Cable Address: Elansee.
Codes Used:
Western Union
A. B. C. 5th Edition.
Adams
Lieber.

Offices:
53 East Eleventh St.
New York.
Tel. 6706 and 6707 Gramercy.

Mr. Albert Platz, 344 Devoe Street, Brooklyn, N. Y.

DEAR SIR: Replying to your favor of the 4th inst., we enclose herewith catalogue of our Imperial Records. We will be pleased to sell you these at 30¢ each, F. O. B. Middletown, Conn. They are acknowledged to be the best records on the market, being
25 loud, clear, sweet-toned and up-to-date in every respect. The retail price of the Imperial record is 60¢ each.

Hoping to receive your order, we remain,
Very truly yours,

LEEDS & CATLIN CO.,
By H. LEEDS, JR.

Dictated.
Enclosure.

Circuit Court of the U. S.,
Southern District of N. Y.
In Equity. No. 8797.

VICTOR TALKING MACHINE COMPANY ET AL., Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

COMPLAINANTS' EXHIBIT
PLATZ-LEEDS LETTER.

(Sd.) HERMAN J. HAAS,
[NOTARY SEAL.] *Notary Public, #239, New York County.*

26 No claims allowed unless made within fifteen days after shipment. Claims for Breakage, Loss and Detention to be made on the Transportation Companies.

Our responsibility ceases when we obtain a receipt for goods shipped in good order.

Leeds & Catlin Co.

Making the Loudest and Clearest Cylinder and Disc Records at 83 East Eleventh Street.

Terms

Conveyance.

NEW YORK, *Nov'r 16th*, 1906.

Sold to Albert Platz,

Your Order No.

23 Imperial Records at 30..... 6.90

Received payment,
LEEDS & CATLIN CO.,
Per J. H. D.

Circuit Court of the United States,
Southern District of New York.
In Equity. No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN Co., Defendant.

COMPLAINANTS' EXHIBIT PLATZ'S BILL.

(Sd.) HERMAN J. HAAS,
[NOTARY SEAL.] *Notary Public, New York County*, #239.

27 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Affidavit — Charles K. Bennett.

Sur-attachment for Contempt.

COMMONWEALTH OF PENNSYLVANIA,
County of Philadelphia, ss:

Charles K. Bennett, being duly sworn according to law, deposes and says as follows:

I am of lawful age, and reside at Philadelphia, in the State of Pennsylvania, and am in the employ of the Victor Talking Machine Company of Camden, New Jersey. On Friday, November 2, 1906, I

went to the place of business of Leeds & Catlin Co. at 53 East Eleventh street, Borough of Manhattan, City of New York, and told the attendant there that I wished to purchase some "Imperial Records." By "Imperial" records I meant the disc sound records for use on talking machines of the disc type that were the special manufacture of the Leeds & Catlin Company, the word "Imperial" being the word by which these records have been designated on the
28 market. The attendant or salesperson who waited on me at the establishment of the Leeds & Catlin Company, as aforesaid, said that they could sell me some and I asked for two selections, giving the names of the records which I wanted. Said attendant or salesperson told me that they did not have them in stock. This salesperson then referred me to the catalogs of the Leeds & Catlin Company, giving the names and numbers of their records, and from these catalogs I selected six (6) records. The salesperson obtained these records from the stock in said establishment, which records were as follows: "Triplette," No. 4019; "America," No. 44,837; "La Paloma," No. 45,007; "Violin Solo," No. 45,250; "La Tosca," No. 5291, and "Fa-cination," No. 6073. I asked the salesperson the prices of these records, and was told that the first four above named were sixty cents (60c.) a piece and the last two were one dollar ($1) a piece.

Before purchasing these records I told this salesperson that I had at my home a talking machine of the manufacture of the Victor Talking Machine Co., informing him that it was a "Victor V." I asked him if I could use these records on this Victor talking machine, and he told me that I could, and went on further to state that he had at his home a Victor talking machine on which he played similar records. I then paid him $4.40 for these records, which were delivered to me and I left the said establishment.

While I was in the establishment of the said Leeds & Catlin Company the said attendant handed me five catalogs of the different disc records of their manufacture, upon which I have placed my initials and the date as follows: namely, "C. K. B. 11/2/06," and which were marked "Complainants' Exhibits, Leeds & Catlin Catalogs, Nos. 1, 2, 3, 4 and 5."

The said six records which I so purchased from the Leeds
29 & Catlin Company on November 2, 1906, are herewith produced, and I have scratched on the back of each my initials and the date as follows: "C. K. B. 11/3/06." The said six disc sound records accompanying this affidavit are marked "Complainants' Exhibit, Bennett-Leeds & Catlin Records, Nos. 1, 2, 3, 4, 5 and 6" respectively.

(S'g'd) CHARLES K. BENNETT.

Subscribed and sworn to before me this 14th day of November, 1906.

(S'g'd) ALEXANDER PARK,
[SEAL.] *Notary Public*, 604 *Stephen Girard Bldg., Philadelphia.*

Commission expires Feb. 6, 1909.

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COMPLAINANTS' EXHIBITS.

Bennett-Leeds & Catlin Catalogues Nos. 1, 2, 3, 4 and 5.
[See stipulation.]

30 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Affidavit of George M. Thompson.

Sur-attachment for Contempt.

STATE OF NEW YORK, *City and County of New York, ss:*

George M. Thompson, being duly sworn according to law, deposes and says as follows:

I am of lawful age, and reside at Jersey City, N. J., and my office is a No. 55 Liberty street, Borough of Manhattan, City and County and State of New York.

On Wednesday, November 7th, 1906, I went to the establishment of the Leeds & Catlin Company at No. 53 East Eleventh street, Borough of Manhattan, City of New York, in said State, and Mr. Charles K. Bennett, of Philadelphia, Pennsylvania, went with me.

I went to said establishment for the purpose of buying talking machine records, and was waited on by a salesman, and after
31 looking over the catalogue of the disc records of the Leeds & Catlin Company I selected six records and told the salesman who was waiting on me that I wished to purchase said six records. I then asked said salesman if I could use said records which I so intended to purchase on a talking machine of the manufacture of the Victor Talking Machine Company, and the said salesman in reply to said inquiry said that I could. I then paid said salesman five dollars and thirty-five cents ($5.35) for said records and they were delivered to me, and I left the establishment of the said Leeds & Catlin Company with said records in my possession.

On the back of each of said record which I so purchased as aforesaid I have scratched my initials and the date as follows: "G. M. T.—11/7/06."

The said sound records are entitled as follows, the designation hereafter stated appearing on labels on the face of said records, namely:

Pretty as a Butterfly, No. 7599, for which record I paid thirty-five cents ($.35).

The other five records which I purchased and for which I paid a dollar a piece are designated as follows: Ave Maria, No. 6003; Fascination, No. 6073; Deine blauen Augen, No. 15,349; Serenade, No. 15,408, and Lohengrin, No. 25,084.

The said sound records which I so purchased accompany this affidavit and are marked Complainant's Exhibits Thompson Records Nos. 1, 2, 3, 4, 5 and 6.

(Sgd.) GEORGE M. THOMPSON.

Sworn to before me this 16th day of November, 1906.

(Sgd.) HELEN G. CASSIDY,

[SEAL.] *Notary Public, Queens County.*

Cert. filed in New York and Kings Counties.

32 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

Affidavit No. 2, Charles K. Bennett.

Sur-attachment for Contempt.

COMMONWEALTH OF PENNSYLVANIA, *County of Philadelphia, ss:*

Charles K. Bennett, being duly sworn according to law, deposes and says as follows:

I am of lawful age and reside at Philadelphia, in the State of Pennsylvania, and am in the employ of the Victor Talking Machine Company, of Camden, New Jersey. On Wednesday, November 7, 1906, I went to the establishment of Leeds & Catlin Company at 53 East Eleventh street, Borough of Manhattan, City of New York, accompanied by Mr. George M. Thompson of 55 Liberty street, in the said City of New York. When I went into said establishment I selected from the catalogs of the Leeds & Catlin Company two disc sound records, one of which was called "King
33 Cotton" No. 45,269 and the other entitled "Carmen" No. 15,365. I told the sales person who waited on me that I wanted to buy these records, and he got them out for me and delivered them, and I paid sixty cents (60¢) for the "King Cotton" record and one dollar and fifty cents ($1.50) for the "Carmen" record. While I was purchasing these records said Thompson was also looking through the catalogs of the Leeds & Catlin Company and was selecting records. After he had made a certain selection of records, said Thompson asked the salesperson who was waiting on

us whether the said records which he had selected could be used on a machine manufactured by the Victor Talking Machine Company and the attendant told him they could be so used. The said Thompson then paid for said records in my presence and they were delivered to him and then we both departed from said store.

The two records above noted which I purchased, November 7, 1906 from the Leeds & Catlin Company, accompany this affidavit and are marked "Complainants' Exhibit, Bennett—Leeds & Catlin Records, Nos. 7 and 8," and I have placed my initials and the date on the back of each as follows: "C. K. B. 11/7/06."

(Sgd.) CHARLES K. BENNETT.

Subscribed and sworn to before me this 14th day of November, 1906.

(Sgd.) ALEXANDER PARK,
[SEAL.] *Notary Public*, 604 *Stephen Girard Bldg., Philadelphia.*

Commission expires Feb. 6, 1909.

34 In the Circuit Court of the United States for the Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Re Contempt Proceedings—Affidavit of Albert C. Middleton on Behalf of Complainants.

COMMONWEALTH OF PENNSYLVANIA,
City and County of Philadelphia, ss:

Albert C. Middleton, being duly affirmed according to law, deposes and says as follows:

I am Secretary of the Victor Talking Machine Company, one of the complainants herein, and have been since its organization in October, 1901. Since the organization of the said company, I have been in close touch with the manufacturing and selling departments, and am very familiar with the company's business, which is that exclusively of manufacturing and selling disc talking machine records and machines for reproducing sound therefrom.

I am familiar with the disc records of the defendant, Leeds & Catlin Company, such as were sold and manufactured by that
35 company prior to and since the injunction of October 27, 1906, in this suit. The said disc records of the defendant company can only be intended for use in combination with reproducing apparatus, or machines, similar to the defendant's ma-

chines, in evidence in this case, and in carrying out the method of reproducing sound, which consists of the vibrating of a stylus and propelling the same along the record, by and in accordance with the record, such as claimed by claims 5 and 35 of the patent in suit.

I am very familiar with the talking machines and records upon the market, and know that the only talking machines which are commercially upon the market for reproducing sound from disc records of this character are those such as Complainants' Exhibit Defendant's Machine, in evidence in this case.

The disc records manufactured and sold by the defendant are identical in all material respects with the disc records which have, for a number of years, been manufactured by the complainant, the Victor Talking Machine Company, and its licensees, as well as by sundry infringers, and all of these disc records of this construction have been designed only for use in combination with sound reproducing apparatus, having a stylus shaped for engagement with the record, on the traveling tablet, free to be vibrated and propelled by the record, or traveling tablet, in accordance with the combination claimed in claim 35, and in accordance with the method of claim 5, of the patent in suit, and for no other purpose.

There never has been upon the market, since the organization of the Victor Talking Machine Company, nor at any other time, to this deponent's knowledge, any other practical apparatus which could reproduce sound from disc records similar to these defendant's records, and the only reproducing apparatus upon the market for this purpose is that which has a reproducing stylus shaped for engagement with the said records, free to be vibrated and propelled by the record.

36 There are to-day in use in the United States many hundreds of thousands of reproducing apparatus of this construction designed to be operated in this manner for reproducing sound from disc records similar to the said records manufactured by the defendant, and such records, when sold, can only be practically utilized for sound reproduction purposes in connection with this sound reproducing apparatus referred to, which, in combination with the said records, forms the subject matter of this suit.

The said disc records, as far as this deponent has any knowledge, have no other useful purpose.

There are to-day, in addition to the regularly licensed machines scattered throughout this portion of the United States and throughout the United States generally, many hundreds of reproducing apparatus or machines which have been made and sold in violation of the claims of the patent in suit, for instance, notably, among others, the Talk-O-Phone machine, enjoined by this Court, which are in use in the homes of individuals, hotels, restaurants, places of amusement, &c. It is very difficult, if not almost impossible, to restrain the use of all these machines, as it would require separate suits in each of the hundreds of cases. The owners of these machines are constantly purchasing disc talking machine records for use in combination with this reproducing apparatus, from dealers selling infringing records,

such as the disc records which the defendant company has sold, and is now continuing to sell, thus depriving the complainant of a very considerable portion of the revenue from these records, which form an essential and important element of the combination, and which are designed to be used in reproducing sound, in accordance with the method of the claim 5 of the patent. The purchasers of infringing machines, such as the Talk-O-Phone, who, at the time of purchase purchased the Leeds & Catlin records with it, are very apt to continue purchasing the make of records which they originally purchased with the infringing machine, if the defendant company is
37 allowed to continue the manufacture and sale of said infringing records.

A large portion of the revenue of the complainant company is derived from the sale of its disc records. A purchaser of a machine or reproducing apparatus, for use in reproducing from the record, frequently expends very much less for the machine than he does for his collection of records, as records are being constantly purchased by the purchaser of a machine from time to time; $25 frequently represents the purchase of a machine, while the owner of that machine, in a short space of time, will expend at least as much as $100 for records. The revenue, therefore, to the Victor Talking Machine Company from records, which is a material part of the combination of the claims in suit, is frequently very much larger than the revenue from the reproducing apparatus alone.

(S'g'd) ALBERT C. MILLDETON.

Affirmed and subscribed to before me this sixteenth day of November, A. D. 1906.

[SEAL.] (S'g'd) ALEXANDER PARK,
Notary Public, 604 *Stephen Girard Bldg., Philadelphia.*

Commission expires Feb. 6, 1909.

38 In the Circuit Court of the United States for the Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Re Contempt Proceedings.—Affidavit of Charles K. Haddon on Behalf of Complainants.

COMMONWEALTH OF PENNSYLVANIA,
City and County of Philadelphia, ss:

Charles K. Haddon, being duly sworn according to law, deposes and says as follows:

I am treasurer of the Victor Talking Machine Company, one of the complainants herein, and have been for several years past; I have

been connected with the company, as an officer, since its organization in 1901, and during all that time have been in close touch with the manufacturing and selling departments, and very familiar with the company's business, and with the talking machine business generally. I have known of the Leeds & Catlin Company practically since its organization, and am familiar with the records, such as manu-
39 factured and sold by that company, both prior to and since the injunction of October 27, 1906, in this suit. I am, and have been since 1901, very familiar with the talking machines and records upon the market, especially the disc records, and machines for reproducing sounds therefrom, and know that the only disc talking machines which are and have been commercially upon the market, for reproducing sound from disc records of this character, are those which are constructed in accordance with the complainants' patent in suit, for operation in the manner described therein, such as Complainants' Exhibit, Defendant's Machine, in evidence in this case.

The disc records manufactured and sold by the defendant are identical in all material respects with the disc records which have, for a number of years, been manufactured by the complainant, the Victor Talking Machine Company, and its licensees, as well as by sundry infringers, and all of these disc records of this construction have been designed only for use in combination with sound reproducing apparatus, having a stylus shaped for engagement with the record on the traveling tablet, free to be vibrated and propelled by the record, or traveling tablet, in accordance with the combination claimed in claim 35, and in accordance with the method of claim 5, of the patent in suit, and for no other purpose.

The said disc records of the defnedant company can only be intended for use in combination with reproducing apparatus, or machines, similar to the defendant's machines, in evidence in this case, and in carrying out the method of reproducing sound, which consists of the vibrating of a stylus and propelling the same along the record, by and in accordance with the record, such as claimed by claims 5 and 35 of the patent in suit.

There never has been upon the market, since the organization of the Victor Talking Machine Company, nor at any other time, to this deponent's knowledge, any other practical apparatus
40 which could reproduce sound from disc records similar to these defendant's records, and the only reproducing apparatus upon the market is that which has a reproducing stylus shaped for engagement with the said records, free to be vibrated and propelled by the record.

There are to-day, in use in the United States, many hundreds of thousands of reproducing apparatus of this construction, designed to be operated in this manner for reproducing sound from the disc records similar to the said records manufactured by the defendant, and such records, when sold, can only be practically utilized for sound reproduction purposes in connection with this sound reproducing apparatus referred to, which, in combination with the said records, forms the subject matter of this suit.

The said disc records, as far as this deponent has any knowledge, have no other useful purpose.

The Victor Talking Machine Company, by the sale of its reproducing apparatus, never licensed, or intended to license, the purchaser, or anyone else, to supply the travelling tablet or record, the other element of the combination of claim 35, for reproducing sound in accordance with the method of claim 5. A large portion of the Victor Company's business has been, and is, in the manufacture and sale of disc records, for use in connection with the reproducing apparatus which it makes and sells, and a large proportion of its profit is derived therefrom. When it sells a reproducing apparatus to a purchaser, which is part of the combination of claim 35, it is to be used in combination with the other element of the claim, sold by the complainants, the traveling tablet or record, which it also sells to the purchaser at a separate price, distinct from the price of the reproducing element. The profit from the reproducing element is only a portion of the complainant's profit, the other portion of which is derived from the sale of the traveling tablet or record. The
41 complainant could not afford to sell the reproducing apparatus at the price which it does if it were not for the fact that the balance of the profit is to be derived from the records manufactured and sold by the complainant.

(S'g'd) CHARLES K. HADDON.

Sworn to and subscribed before me this sixteenth day of November, A. D. 1906.

(Sgd.) ALEXANDER PARK.
[SEAL.] *Notary Public*, 604 *Stephen Girard Bldg., Philadelphia.*

Commission expires Feb. 6, 1909.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY ET AL.
against
LEEDS & CATLIN COMPANY.

Affidavit of Harry Cobb Kennedy, Sur Attachment for Contempt, on Behalf of Complainants.

STATE OF NEW YORK, *County of New York*, ss:

Harry Cobb Kennedy, being duly sworn, according to law, deposes and says as follows:

I am a counselor at law and have often testified as an ex-
42 pert in causes based upon the infringement of Letters Patent pending in the Circuit Courts of the United States. For over three years, last past, I have devoted a large portion of my time to the preparation and prosecution of a large number of applications for Letters Patents before the United States Patent Office,

relating to the recording and reproducing of sound, especially of that class known as the gramophone, the subject-matter of the patent in suit, and am familiar with the construction and operation of the reproducing apparatus of the patent No. 534,543 in suit, namely, the reproducer and the traveling tablet or disk record, forming the subject-matter of claim 35 and used in the method of claim 5 of the said patent in suit. I have examined and understand the construction and operation of Complainants' Exhibits Complainants' Machine and Record, and Defendant's Machine and Record, in evidence in this cause, which were before this Court on the motion for preliminary injunction, and have examined and understand the construction and operation of Complainants' Exhibits in the matter of these proceeding for attachment for contempt, namely, Bennett, Leeds & Catlin Records, Nos. 1 to 8; Thompson Records, Nos. 1 to 6; Hemenover Records, Nos. 1 to 5; Luck Records, Nos. 1 to 7, and the twenty-three Platz-Leeds & Catlin Co. Records, and I find that the records above enumerated in the matter of the contempt proceedings are the same structurally as Complainants' Exhibits, Complainants' and Defendant's Record before this Court on the motion for preliminary injunction; each of said record exhibits so named consist of a flat disk having a spiral groove of even depth provided on its face, said grooves having lateral undulations representing sound waves and which are capable of reproducing the sound recorded thereon by means of a reproducing stylus as called for in claims 5 and 35 of the said patent in suit, that is to say, these defendant's records offered in evidence in these contempt proceedings are the same structurally as the
43 records which the defendant was enjoined from making, using or selling by the preliminary injunction in this cause.

I also state from my knowledge and experience in this art, that the said Complainants' Exhibits The Bennett, Thompson, Hemenover, Luck and Platz Records, are such that they can be used in the combination of claim 35 and in the method of claim 5 of said patent No. 534,543 in suit, are not intended for use in any other manner, and are incapable of use except in reproducing sound in the combination of claim 35 and in the method of claim 5 of the said patent No. 534,543 in suit.

(Sgd.) HARRY COBB KENNEDY.

Subscribed and sworn to before me this 19th day of November, 1906.

(Sgd.) JOHN A. SHIELDS,
[SEAL.] *U. S. Commissioner, S. D. N. Y.*

44 In the Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Sur Contempt Proceedings.

Affidavit No. 2 of Albert C. Middleton on Behalf of Complainants.

CITY AND COUNTY OF PHILADELPHIA,
Commonwealth of Pennsylvania, ss:

Albert C. Middleton, being duly affirmed according to law, deposes and says as follows:

I am Secretary of the Victor Talking Machine Company, one of the complainants herein, and have been since its organization in October, 1901, and am the Albert C. Middleton who made affidavit in these proceedings November 16, 1906.

Since giving my above mentioned affidavit the defendant has presented certain opposing affidavits which I have seen, and in some of which it is stated, in substance, that complainants' sound
45 records intended for use in combination with complainants' reproducing apparatus embodying claims 5 and 35 can be used "but a very limited number of times." In the affidavit of Mr. Edward F. Leeds dated November 28, 1906, this is stated; it is there also stated that unless the material is unusually perfect, the record cannot be successfully played more than twenty-five or thirty times before it has to be renewed. It is also there stated that often a single reproduction, or two or three reproductions, will destroy the record, and that frequently a record becomes useless after being played ten or twelve times, and in exceptional cases they can be played as many as thirty times and as often as fifty or sixty times as a limit. It is also there stated that after a single playing of the record the deterioration of the record appears.

These statements are most inaccurate and misleading. I personally have had for several years past a great deal of experience in this particular line of testing disc records, similar to Complainants' Exhibits in this case, having a laterally undulating groove of even depth, and have many times made special tests to ascertain the quality and durability of the records.

I often take a record out of our stock as a sample record, and spend practically a whole afternoon and evening continuously testing it on one of our reproducing machines, playing the selection over and over again to ascertain whether the material of the record disc is kept up to our standard, besides other numerous and frequent tests which I make with different records at different times

for like purposes. I have been doing this at frequent intervals for three or four years.

The material of which the complainants' records are and have been made since the complainants have been manufacturing records is of the best and most durable character known to us for this purpose.

As a result of my tests I can positively affirm that com-
46 plainants' records can be played two hundred and fifty to three hundred times under ordinary conditions without any appreciable wear or depreciation in tone. This is a very conservative estimate; it is my opinion that complainants' records may be played as many as five hundred times without any material depreciation in tone to the average ear.

This is not true of many infringing records. I have frequently tested these records and have found that, with the material of which they are composed, they can only be played fifty or sixty times without depreciation.

I notice that one of the defendant's affidavits—that of Leo Moeller—states that the stylus is a sharp needle and cuts into and wears down the edges of the surface of the record.

I would say in this connection that this statement is very misleading and inaccurate. The point of a properly formed needle for this purpose, such as sold by the complainants, is specially ground and shaped, so as not to cut the record.

(Sgd.) ALBERT C. MIDDLETON.

Affirmed and subscribed before me this sixth day of December, 1906.

(Sgd.) ALEXANDER PARK,
[SEAL.] *Notary Public*, 604 *Stephen Girard Bldg., Philadelphia.*

Commission expires Feb. 6, 1909.

(Endorsed:) United States Circuit Court, Southern District of New York.—Victor Talking Machine Company *et al.*, Complainants, *vs.* Leeds & Catlin Company, Defendant.—*Re* Contempt proceedings. I hereby certify, That on the 19th day of November, 1906, at the City of New York, in my district, I served the within Order to Show Cause and Affidavits upon the within named defendant, Leeds & Catlin Company, by exhibiting to I. Allen Sankey, as Vice-Pres.
& Director of Leeds & Catlin Company at No. 135 5th Avenue,
47 N. Y. City, N. Y., the within originals, and at the same time leaving with him a copy of each thereof. I hereby further certify, That on the 19th day of November, 1906, at the City of New York, in my district, I served the within Order to Show Cause and Affidavits upon the within named defendant Leeds & Catlin Company by exhibiting to Frederic H. Ridgway, as Assistant Treasurer of said company at No. 53 East 11th St., N. Y. City, the within originals and at the same time leaving with him a copy thereof. William Henkel, United States Marshal, Southern District of New York. Dated Nov. 19th, 1906. U. S. Circuit Court, Southern District New York. Filed Nov. 19, 1906. John A. Shields, Clerk.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

The Answer of the Defendant to Complainants' Petition for Order to Show Cause Why Defendant Should not be Attached for Contempt, &c.

To the Honorable the Judges of the United States Circuit Court for the Southern District of New York:

For answer unto complainants' said petition, defendant respectfully shows:

48 First. Defendant refers to and makes part of this answer the several affidavits hereto annexed and the papers filed of record, and the proceedings heretofore had in the above entitled cause.

Second. Defendant denies that it has in any way violated or disregarded the preliminary injunction mentioned in paragraph tenth of the petition, and denies that it has made, used or sold, or has permitted its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen or employees to make, use or sell sound reproducing records in infringement of the rights of the complainants herein since the entry of the decree herein granting the preliminary injunction, or since the affirmance of said decree by the United States Circuit Court of Appeals, or since the vacation of the stay of said decree, or since the issue of the mandat- of the Circuit Court of Appeals or the filing of the order of the Circuit Court upon said mandate or the service of the preliminary injunction issued thereunder. Defendant denies that it has made, used or sold since any of said times, sound reproducing records forming part of the sound reproducing apparatus or device forming the subject-matter of claims 5 and 35 of the Letters Patent in suit in infringement of the rights of the complainants herein or of either of them under said Letters Patent, and denies that it has made or sold the same to be used in the method specified in claim five of the Letters Patent in suit in infringement of the rights of the complainants herein under said Letters Patent.

Third. Defendant denies that by said preliminary injunction it was enjoined from making, using or selling sound reproducing records for sound reproducing purposes and alleges that said preliminary injunction enjoined defendant from making, using or selling only the sound reproducing apparatus or devices mentioned in said preliminary injunction, to which for greater particularity de-

fendant refers and makes the same a part of this answere as aforesaid.

49 Fourth. Referring to the eleventh paragraph of the petition, defendant again denies that it has in any way disregarded said preliminary injunction and denies that since said preliminary injunction was served upon it it has made or sold, or has permitted its directors, associates, officers, attorneys, solicitors, clerks, servants, agents, workmen or employees to make or sell sound reproducing records for use in carrying out the methods specified in claim 5 of the Letters Patent in suit in infringement of the rights of complainants herein under said Letters Patent, and denies that it has made or sold the same to others with the knowledge or intention that the same were to be used in carrying out the said method of claim 5 or in the combination of claim 35 of the Letters Patent in suit in infringement of the rights of the complainants herein under said Letters Patent, or without license from the complainants, and denies generally and specifically that it has done any of said things in infringement of the rights of the complainants herein or without the license of said complainants.

Fifth. Defendant further answering the said petition alleges that it has in no way violated or disregarded the aforesaid preliminary injunction or the aforesaid orders or decrees of court and alleges that it has faithfully and strictly obeyed and complied with in every respect the terms and requirements thereof.

For the reasons aforesaid and for the reasons and facts appearing in the annexed affidavits and papers herein referred to and made a part hereof, defendant prays that complainants' petition *that defendant be attached and punished for the alleged contempt set forth in said petition* be denied.

By LEEDS & CATLIN COMPANY,
EDWARD F. LEEDS, *Pres.*

LOUIS HICKS,
Solicitor and Counsel for Defendant.

50 STATE AND COUNTY OF NEW YORK, *ss:*

Edward F. Leeds, being duly sworn, says: That he is president of Leeds & Catlin Company, defendant corporation; that he has read the foregoing answer and knows the contents thereof, and that the same is true to his knowledge.

EDWARD F. LEEDS.

Sworn to and subscribed before me this 28th day of November, 1906.

[NOTARY'S SEAL.]

HARRY C. ADAMS,
Notary Public, New York Co.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

STATE AND COUNTY OF NEW YORK, *ss:*

Edward F. Leeds, being duly sworn, says:

I am president of the Leeds & Catlin Company, defendants herein. I have been actively engaged in the talking machine business for the past fifteen or sixteen years, having been connect-d with the North American Phonograph Company, which was organized in
51 August, 1888, to exploit such business. I have been advised by counsel for defendant herein, Louis Hicks, Esq., that complainants seek to punish defendants upon this motion for an alleged violation of the preliminary injunction heretofore issued herein. I have read the annexed affidavit of said counsel for the Leeds & Catlin Company, and my understanding of the proceedings had in this suit and in the prior suit between these complainants and the American Graphophone Company upon the same patent is in accordance with the statement therein contained. In the prior suit against the American Graphophone Company, as appears from the record in said suit, the infringement charged was based upon a stipulation between counsel for complainants and defendants in that suit that defendant had made and sold a machine and a sound-record which were offered in evidence, and that the said record exhibit was made for use upon the said machine and was so used. The proof, therefore, was under the stipulation that the defendant in that suit made, sold and used all the elements covered by claims 5 and 35 of the patent in suit and infringement was accordingly found. The right to make and sell sound records independently of the machines was in no way litigated in the prior suit, and was not passed upon by the courts in the prior suit. Upon the motion for preliminary injunction in this suit, the infringement alleged was that defendant had sold a sound reproducing machine, known as the Ohio Talk-o-phone, together with disc sound records. The sound reproducing machine, or Talk-o-phone, was a machine not manufactured or sold by complainants or their licensees, and the combination of said machine and said sound records sold by defendent was held to be an infringement of claims 5 and 35 of the patent in suit, said holding being based upon the finding in the prior suit. The preliminary injunction and the decree, therefore, in this suit enjoins defendant from making, using or
52 selling sound reproducing apparatus or devices embodying the subject matter of claims 5 and 35 of the patent in suit,

and from using or employing in any way the method specified in said claim 5. The decree for preliminary injunction herein, which was entered May 2, 1906, was stayed pending appeal to the Circuit Court of Appeals. From the entry of that decree until the time of the affirmance thereof by the Circuit Court of Appeals defendant employed for the reproduction of sound, from the sound records manufactured and sold by it, only sound reproducing machines manufactured by complainants, which defendant had purchased, together with sound records manufactured by complainants from complainants and dealers in machines and records of complainants' manufacture. As soon as defendant was informed by counsel that the Circuit Court of Appeals had affirmed the decree for preliminary injunction herein, and long before the order of affirmance was entered in the Circuit Court of Appeals, and before the mandate of the Circuit — of Appeals issued, and before the preliminary injunction herein was issued or served, defendant discontinued the use of all sound reproducing machines except feed-device machines, such as the machines herewith submitted to the Court, marked "Exhibit A," together with the date of this affidavit and my name. The Leeds & Catlin Company was informed of the affirmance by the Circuit Court of Appeals on Friday, October 12, 1906, and at once discontinued the use of all sound reproducing machines except the feed-device machines above referred to. On Monday, October 15, 1906, defendant began to use and sell its sound records in connection with said feed-device machines exclusively, and on October 13, 1906, defendant ordered and purchased from the Talk-O-Phone Company one hundred such feed-device machines for use and sale in connection with its sound-records, receiving the first consignment thereof early Monday morning, October 15, 1906. As fully shown in the annexed
53 affidavit of defendant's counsel, complainants on the motion for preliminary injunction refused to contend that such feed-device machines were an infringement of any of the claims of the patent in suit, alleging that such mechanical feed-device machines were not in issue in this suit, and complainants' counsel requested the Court not to pass upon such mechanical feed-device machines, stating that the Court presumably would not desire to do so without a full discussion, which complainants' counsel refused to make. The Leeds & Catlin Company have been advised by counsel for defendant that such mechanical feed-device machines are not an infringement of the patent in suit, have not been held by the courts to be an infringement of the patent in suit, are not included in the terms of the preliminary injunction issued in this suit, and that complainants' counsel has refused to contend in this suit that such mechanical feed-device machines are an infringement of the patent in suit. The Talk-O-Phone Company immediately sold and shipped to defendant upon receipt of said order, said one hundred such mechanical feed-device machines, and the same were all received by the Leeds & Catlin Company long before October 27, 1906, the day on which the order was signed in the Circuit Court on the mandate of the Circuit Court of Appeals and before the issue or service on

October 29, 1906, of the preliminary injunction, and before any of the sales of records by defendant alleged in the moving papers upon this motion took place, the earliest sale alleged having been made, according to the affidavit of Bennett, on November 2, 1906.

In addition to purchasing the said one hundred mechanical feed device machines from the Talk-O-phone Company, defendant purchased necessary tools for the manufacture of similar mechanical feed-device machines and is now and has been since about the middle of October, 1906, actively engaged in the manufacture of mechanical feed-device machines on its own account for use
54 and sale with its disc sound records. As appears from the affidavits filed on behalf of defendant in opposition to the motion for preliminary injunction, the mechanical feed-device Talk-o-phones have been extensively advertised throughout the United States at an expense of about $20,000, and are well known to the trade. On November 2, 1905, at the Imperial Hotel in New York City, I first saw the mechanical feed-device Talk-o-phone in successful and perfect operation with disc sound records of different makes, such as those manufactured and sold by defendant. I annex hereto a copy of the advertisement of the Talk-O-Phone Company of such mechanical feed-device Talk-o-phones which appeared in the *Music Trade Review* for December 2, 1905. The Talk-o-phones with mechanical feed-devices are recording as well as reproducing machines. They will record sound upon the usual tablets and will reproduce sound from a record of the same after recording. Thus it appears that the movement of the stylus across the face of the record in such mechanical feed-device Talk-o-phones depends solely upon the mechanical feed-device, to do away with which was the basis of the invention of the patent in suit as embodied in claims 5 and 35 thereof as heretofore interpreted by the courts. Complainants' machines will not record, but will only reproduce, thus showing that complainants' machines depend entirely upon the record-groove for the movement of the stylus across the face of the record. This is the reason why complainants' counsel has refused to contend that the mechanical feed-device machines are involved in this suit.

Defendant is now and has been for some time past advertising in connection with its records the mechanical feed-device machines. I annex hereto a copy of one of defendant's advertisements which appeared in the *New York Herald* for Tuesday, October 23, 1906, on page 10 thereof. I annex also a copy of an advertisement inserted by defendant in the *Talking Machine World* for No-
55 vember 15, 1906. Defendant has adopted and is now putting upon its sound records a label stating that the record is sold for use on mechanical feed-device machines. I annex hereto a copy of such label. I have no personal knowledge of the sales of records by the Leeds & Catlin Company alleged in the moving affidavits upon this motion, and I have not seen the records which were purchased on behalf of complainants. The circumstances relating to such sales are dealt with in affidavits verified by those who have knowledge thereof. Very likely the employees of the Leeds & Catlin Company had not had sufficient time to put the annexed label upon

said records, but I am informed and believe that complainants' purchasers were fully informed with reference to defendant's mechanical feed-device machines. I refer particularly to the annexed affidavit of Mr. Louis H. Bunker, who though not an employee of the Leeds & Catlin Company, but being present and familiar with defendant's business, undertook to inform complainants' purchasers, as appears from Mr. Bunker's annexed affidavit, with reference to the mechanical feed-device machines.

As previously stated, I have been engaged in the talking machine business from its infancy and I am familiar with different kinds of records and different kinds of talking machines which from time to time have been made, used and sold. Mr. Emile Berliner, when testifying in the prior suit, stated that not till the autumn of 1894 were talking machines sold in which a feed-screw for the purpose of propelling the reproducing sound-box across the record was dispensed with and in which the invention claimed in claims 5 and 35 of the patent in suit was embodied. Possibly a few such machines were sold in the autumn of 1894, but no great quantity of such machines were sold until a much later date. Prior to 1894, to my knowledge, many different varities of talking machines, all operating by mechanical feed-devices or feed-screws, had gone
56 into extensive use. Such talking machines employed cylindrical as well as disc or flat sound-records. The original graphophones employed disc sound records and a reproducing sound-box propelled across the record by a mechanical feed-device or feed-screw. More-ver, Berliner's first gramophone designed for the reproduction of sound from disc sound records operated by a mechanical feed-device. This is shown by matter of record in this suit, to wit: the article in the *Electrical World* for November 12, 1887, where the Berliner gramophone for the recording and reproducing of sound in and from records having lateral undulations and by means of mechanical feed-devices is fully described and illustrated, and wherein the idea of dispensing with the mechanical feed-device is thrown out as a mere suggestion. I recollect that in the early days of the North American Phonograph Company, a year or more prior to August 21, 1894, when the company went into the hands of its Receiver, Mr. Hardin, the Berliner gramophone with mechanical feed-device was exhibited to the officers of the North American Phonograph Company, which company was dealing and had from the time of its organization in August, 1888, dealt in the Edison phonograph and the Bell and Tainter graphophone, which graphophone, as above stated, in its original form employed disc sound-records with mechanical feed-devices. I have had in my possession for many years a talking machine employing a disc sound-record and a mechanical feed-device for moving the stylus across the face of the record. This machine was constructed by M. L. Deering in accordance with the general principles of Letters Patent of the United States No. 428,273, of May 20, 1890, granted to him on an application filed December 20, 1888, for a graphophone. It has long been known that the graphophone could be adapted for use with a flat disc record having either vertical or lateral undulations,

such fact having been pointed out in Patent No. 385,886, to Tainter, granted July 10, 1888, upon an application filed December
57 24, 1887, and, of course, Berliner's early gramophone shows the same thing.

In addition to the mechanical feed-device talking machines such as the early Berliner gramophone, the Bell & Tainter graphophone, the Deering graphophone, constructed and designed for use with flat disc records having lateral or vertical undulations, and in addition to the mechanical feed-device Talk-o-phones and the mechanical feed-device machines which defendant is now engaged in manufacturing, it appears from the affidavit of Loring L. Leeds hereto annexed, and it is a fact well known to dealers and users of talking machines and disc sound-records, that the Valiquet Novelty Company, of 50 Columbia street, Newark, N. J., is preparing to manufacture and sell disc talking machines employing disc sound-records having lateral undulations and a mechanical feed-device to cause the reproducing sound box and stylus to move across the face of the record as in the machines of the prior art, to wit: the Berliner gramophone, operating by mechanical feed-device, the graphophone and the phonograph. In fact, talking machines of different constructions designed for use with flat disc sound-records having lateral or vertical undulations and operating means of mechanical feed-devices to cause the stylus and reproducing sound-box to move across the face of the record have been continuously devised, constructed and put into use ever since Edison and Bell and Tainter invented the phonograph and the graphophone. The activity in this field of invention and construction is greater to-day, to my knowledge, than it ever was. Thousands and thousands of patents for the construction of talking machines, and especially of talking machines of the kind referred to have been issued in the United States and foreign countries. I continually receive information of the manufacture and use of such machine as the mechanical feed-device Talk-o-phone and similar mechanical feed-device machines. Among the
58 many ingenious mechanical feed-device machines which have been constructed and patented for the reproduction of sound from disc sound-records having lateral undulations is that shown in United States Patent No. 604,289, of May 31, 1898, to J. W. Jones for a sound reproducing machine, a copy of which patent is hereto annexed. It appears from the testimony of Albert T. Armstrong, now deceased, given in a suit between this defendant and the American Graphophone Company that on October 30, 1898, a contract was entered into between said Jones and the American Graphophone Company for the manufacture of Jones' sound reproducing machines set forth in said Letters Patent No. 604,829, the Graphophone Company agreeing to pay said Jones a royalty of from 25 cents to $1.50 on each machine manufactured under said patent. The said contract also provided for the manufacture of disc sound-records having lateral undulations for use with said machines. Mr. Armstrong further testified that the International Stylophone Company was on July 11, 1899, licensed under said Jones' patents to make talking machines similar to those which the American Graphophone Com-

pany was licensed to make under the agreement of October 30, 1898. As I have had great experience with talking machines of all kinds, I am able to state that the Jones machine shown in said patent No. 604,829 is a practical machine operating by means of a mechanical feed-device for the reproduction of sound from disc sound records having lateral undulations. Although the mechanism is slightly different, the operation is the same in principle as the operation of machines like the mechanical feed-device Talk-o-phone, the Edison phonograph and the graphophone of Bell & Tainter.

Without further going into details, it sufficiently appears, and it is the fact, that the statements contained in the moving papers upon this motion, especially in the affidavits of Middleton, Haddon, Kennedy and elsewhere, to the effect that disc sound-records
59 such as defendant's disc sound-records can only be intended for use in combination with producing aparatus or machines such as complainants' machines operating according to the invention of claims 5 and 35 of the patent in suit, are entirely false and misleading. Such disc sound-records existed before the date of the invention of the patent in suit, were used on machines not constructed according to the invention of the patent in suit and operating by mechanical feed-devices before the date of the invention of the patent in suit, and such sound-records have continuously been used from a date prior to the invention of the patent in suit down to the present day upon mechanical feed-device machines.

The Leeds & Catlin Company has, moreover, for several years past and is still manufacturing its disc sound-records having lateral undulations and selling the same for export and exporting the same. Millions of sound records and talking machines have been exported from the United States to foreign countries, and the Leeds & Catlin Company has sold for export and has exported thousands and thousands of flat disc sound-records having lateral undulations. One of the principal records made and sold by defendant is the Imperial record, a disc sound-record having lateral undulations. The Imperial record is exported and has been exported in large quantities for several years past, the Leeds & Catlin Company having sold the same for export and exported the same and others in the United States having purchased the same for export. I annex hereto a copy of an advertisement in the Talking News, published June 1, 1906, in London, England. Said advertisement shows defendant's Imperial records and advertises the same for sale in London, England, by Cook's Athletic Company, L. T. D. Another house, the Imperial Record Company, has been organized by London dealers who purchase from defendants to sell in England defendant's
60 Imperial records, and said purchasers have purchased from defendant and sold in England thousands of defendant's Imperial records. Defendant's records are also exported to Canada, India, and other foreign countries.

Until the recent purchase by defendant of the aforesaid one hundred feed-device Talk-o-phones and the commencement by defendant in October, 1906, of the manufacture of such feed-device talking machines, defendant company had confined itself to the

manufacture and sale of sound-records including cylinder and disc-sound-records. As already shown of record in this suit, however, in the settlement of an account defendant took and sold a small number of Talk-o-phones without mechanical feed-devices upon the basis of which defendant was found to have infringed claims 5 and 35 of the patent in suit. With the exception of said few Talk-o-phones without mechanical feed-devices which are no longer manufactured or sold, defendant never purchased, used or sold any talking machine without a mechanical feed-device except a few purchased before affirmance of the order for preliminary injunction from the complainants and complainants' licensees. So far as I am aware, no talking machines embodying the invention of claims 5 and 35 of the patent in suit, that is, talking machines without mechanical feed devices, are now manufactured and sold in this country by others than complainants and complainants' licensees, the American Graphophone Company and the Universal Talking Machine Company.

In the affidavit of Middleton, filed in support of this motion, it is alleged that:

"There are to-day, in use in the United States, many hundreds of thousands of reproducing apparatus of this construction, designed to be operated in this same manner for reproducing sound from disc records similar to the said records manufactured by the defendant."

61 The hundreds of thousands of reproducing apparatus referred to by Mr. Middleton are the reproducing machines manufactured and sold by complainants and its licensees, the American Graphophone Company and the Universal Talking Machine Company, in accordance with the invention of claims 5 and 35 of the patent in suit. To my knowledge the complainants and their licensees have sold the sound reproducing machines manufactured by them and embodying the invention of claims 5 and 35 of the patent in suit to dealers and users without any restriction whatever as to the sound-records which should be used upon said machines for the reproduction of sound thereby, and they have also, to my knowledge, manufactured and sold such machines in combination with flat disc sound records having lateral undulations without any restriction whatever as to the sound records which should be used for the reproduction of sound by such machines. Moreover, not only has this been the course of business established from the beginning by complainants and their licensees, but it has been the universal practice among the purchasers of such machines from complainants and its licensees to use upon such machines for the reproduction of sound, not only the sound-records purchased from complainants and their licensees, but also sound-records purchased from other manufacturers thereof within the United States, including sound-records made and sold by such companies as the American Record Company and the International Record Company. A purchaser of such machine made and sold by the American Graphophone Company has been accustomed to use thereon not only sound-records made and sold by that company, but also sound-records made and sold by complainants, and purchasers of complainants' said

machines have been accustomed to use thereon not only complainants' records, but also the records made and sold by the American Graphophone Company. The same is true of the machines and records made and sold by the Universal Talking Machine
62 Company, complainants' licensees. Complainants have never in any way intimated and have never imposed the restriction when selling their said machines and records that only records of complainants' manufacture could be used in connection with machines of their manufacture, nor have complainants' licensees given any such intimation or made any such restriction, and purchasers throughout the United States uniformally understand that in purchasing the said machines from complainants and its licensees they purchase said machines without any restriction whatsoever as to the records to be used therewith.

I have been engaged in the manufacture of sound-records of the disc and cylinder type having lateral and vertical undulations for the past fifteen years. I have, therefore, acquired a large experience and knowledge of talking machines and sound-records used therewith. The sound-record is not a part of the sound reproducing apparatus or machine which is permanent; it is essentially a temporary part, perishable in its nature and intended frequently to be replaced. The rest of the machine, except some forms of needles, is permanent in its nature and will last indefinitely for years, but the record may last for but a few minutes or a few days, depending upon the material of which it is composed and the number of times that it is used for the reproduction of sound therefrom. The needle used for contact with the sound-record in the reproduction of sound is usually made of steel and has a sharp point. This needle fits into the record-groove and is vibrated and propelled by the record-groove. The result is that the needle wears upon the record and it is intended and it is essential for the enjoyment and use of the machine that the record shall constantly be renewed. Complainants sell their machines embodying the invention of claims 5 and 35 of the patent in suit at prices ranging, according to their statement of June
63 1, 1906, from $17 to $100 each; while they sell their records, according to the same statement, at prices ranging from 35 cents to $5 each. If the purchaser had not the right to replace the temporary part, the record, which it is intended he shall replace, he would pay from $17 to $100 for a machine which would reproduce for him but a single record for which he may have paid only 35 cents. Therefore, as shown in the moving papers, it has been the custom of complainants and their licensees to sell sound-records in order to replace the sound-records sold with the machine and worn out or destroyed by use or accident. The machines are so constructed that the record can be placed upon it or removed therefrom simply by placing the record upon or taking the record off the flat disc turn-table.

From tests which I have made and which have been made by others within my knowledge, as well as from my large experience in manufacture, I know that disc sound-records having lateral undulations such as defendant's and complainants' sound-records in-

tended for use upon complainants' machines embodying claims 5 and 35 of the patent in suit can be used for the reproduction of sound but a very limited number of times. Unless the material of which the tablet is composed is unusually perfect the record cannot be successfully played more than twenty-five or thirty times before it has to be renewed. Often a single reproduction or two or three reproductions will destroy the record because of the quality of the material or because of the conditions under which the needle acts when following the record-groove. Frequently a record becomes useless after being played for ten or twelve times. In exceptional cases a record can be played more than thirty times and as often as fifty or sixty times. It takes but a minute or two to play a record, and the same record can be played many times within one-half hour, a sufficient number of times to destroy it, wear it out and render it useless.

64 The records, moreover, are fragile in their nature and are often broken in transportation, or by falling or other cause. Inexperienced users frequently scratch the record across the spiral lines and otherwise through lack of proper adjustment of the needle to the record-groove, and in this manner and in other ways the records are destroyed in large quantities. Another reason why the record is intended to be but a temporary part of the machine is that after the record has been played several times it becomes tiresome.

After a single playing of the record the deterioration of the record appears. Complainants' records, after a few playings, become gray in appearance along the record groove, showing that the friction of the needle has chipped off the edges, cut into the smooth finish of the surface, and otherwise worn out the material. The deterioration rapidly increases the oftener the record is played, until soon the record is useless. Records made by complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times, and the same is true of similar records made by the American Record Company. Hence, one of the problems in the record-making art is to secure a material so perfect that it will withstand the friction of the needle a greater number of times. At the present time and heretofore sound-records such as those in suit have been made by different manufacturers, including complainants and defendant, and complainants' licensees and the others mentioned of substantially the same material, all having the qualities and defects above specified by reason of which and for the other reasons stated the record is essentially a very temporary part of the machine and is intended constantly to be replaced.

During the pendency of this suit and upon the affirmance of the order for preliminary injunction by the Circuit Court of Ap-

65 peals defendant acted under the advice of its counsel, Louis Hicks, Esq., with reference to defendant's rights and duties; and defendant has throughout acted in accordance with what it and its officers under such legal advice have believed to be the rights and duties of the defendant in the premises. Defendant and its officers have been advised by said counsel and have verily believed that the preliminary injunction issued and served herein does not enjoin or restrain defendant from the manufacture of sound-records of any

description whatever; that no sound-record is covered by any claim of the patent in suit; that disc sound-records having lateral undulations, being useful for the reproduction of sound on mechanical feed-device machines which are not covered by claims 5 and 35 of the patent in suit, can be manufactured and used by defendant on such machines, and can be sold for use on such machines, and can be exported and sold for export to foreign countries by defendant; and that purchasers of machines from complainants and complainants' licensees embodying the invention of claims 5 and 35 of the patent in suit have a legal right to replace the sound-records forming part of the combination thereof, and for such purpose to purchase suitable sound-records from any manufacturer other than complainants and their licensees. Defendant and its officers have been advised by said counsel that it cannot manufacture, use or sell infringing machines; that it cannot sell sound-records to be used to complete an infringing machine; and that it cannot do any act which, taken in connection with the act of another person not acting under the authority of complainants, would constitute an infringing act. Defendants never did, and have not since the injunction, manufactured infringing machines, nor have defendants since the affirmance of the order by the Circuit Court of Appeals,

66 sold or used an infringing machine, nor has defendant since said affirmance sold any one record to be used upon or in connection with an infringing machine, nor has defendant done any act since said affirm*m*ance or since the issue of the preliminary injunction herein which has in any way contributed to an infringement of claim 5 or claim 35 of the patent in suit, or which has in any way violated or disregarded the said preliminary injunction. Defendant has, as above shown, so regulated its business as to take all necessary precautions against even an inadvertent violation of said preliminary injunction and has strictly confined its business and its acts to those things which, under the advice of counsel, it has verily believed it has had, and still has, the right to do.

In the affidavit of Albert Platz it is said:

"Upon my request they got out my letter of November 4th in which I ordered the said two dozen records."

Platz sent no letter dated November 4th in which he ordered any records. Platz's letter of November 4th annexed to the moving papers contains no order for records. I annex hereto a copy of Platz's letter of November 14, in which he ordered records, no copy of which is set forth in the moving papers.

Judge Hazel in his opinion in the prior suit said:

"The broad claims in suit, in my judgment, cannot be restricted to a record of even depth, such as described in the specification."

Records of even depth are those having only lateral undulations.

Hence, according to Judge Hazel and according to the fact, machines made according to the invention embodied in claims

67 5 and 35 of the patent in suit can be used with sound-records having vertical undulations, I have myself operated such a machine for the reproduction of cylindrical sound-records having vertical undulations. The machine had a swinging-arm carrying a

stylus at the free end which was vibrated and propelled across the surface of the record by the groove of the record. I saw a half a dozen such machines in successful operation at 81 Franklin street, New York City, on January 19, 1906, with defendant's counsel, Mr. Hicks. The machines were exhibited to me by Mr. Nye, who wished to arrange with the Leeds & Catlin Company for the manufacture of cylindrical phonograph records for use therewith, the records to have vertical undulations similar to the ones then and there used with perfect success. I am informed and believe that the Jacot Music Company of 39 Union square, New York City, has a similar machine for use with similar records. It would, therefore, be as reasonable to say that all cylindrical or disc records having vertical undulations are designed for use only on machines constructed according to claims 5 and 35 of the patent in suit, as to say that defendant's sound-records are intended for use and are capable of use only upon such machines. The fact is that sound-records of every description antedate the invention of the patent in suit and were known and used on various machines, especially feed device machines, prior to the invention of the patent in suit.

There is to-day in the United States the greatest activity in the devising of machines and records for the recording and reproducing of sound. Hardly a day passes without some intimation coming to me of some new machine not constructed according to the invention of claims 5 and 35 of the patent in suit and designed for use with defendant's sound-records. I annex hereto a letter addressed to the Leeds & Catlin Company, dated November 21, 1905, offering
68 to the Leeds & Catlin Company a new machine of the character referred to. I omit the name of the writer, who is an attorney, because I do not believe that it would be co-rteous to give his name, but I annex the body of his letter.

EDWARD F. LEEDS.

Subscribed and sworn to before me this 28th day of November, 1906.

[NOTARY'S SEAL.] HARRY C. ADAMS,
Notary Public, New York Co.

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(No Model.)

3 Sheets—Sheet 1.

J. W. JONES.

SOUND REPRODUCING MACHINE.

No. 604,829. Patented May 31, 1898.

FIG. 1.

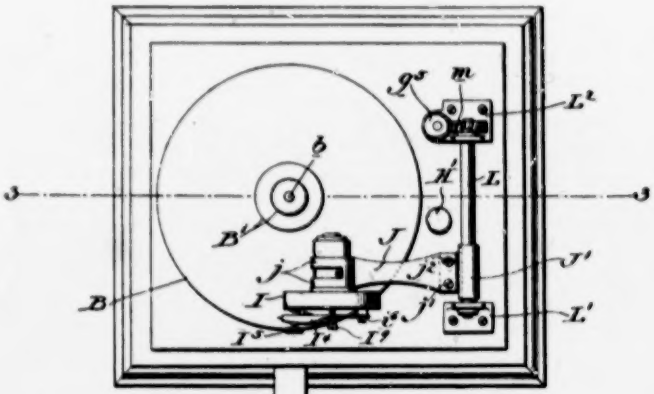
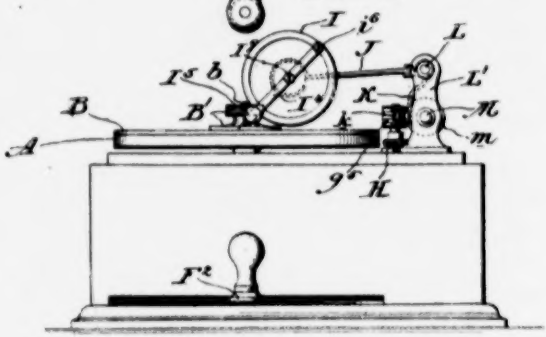


FIG. 2.



WITNESSES

John F. Noble

A. V. Grouse

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Joseph W. Jones

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Attorney

70 42

(No Model.) 3 Sheets—Sheet 2.

J. W. JONES.

SOUND REPRODUCING MACHINE.

No. 604,829 Patented May 31, 1898.

FIG. 3.

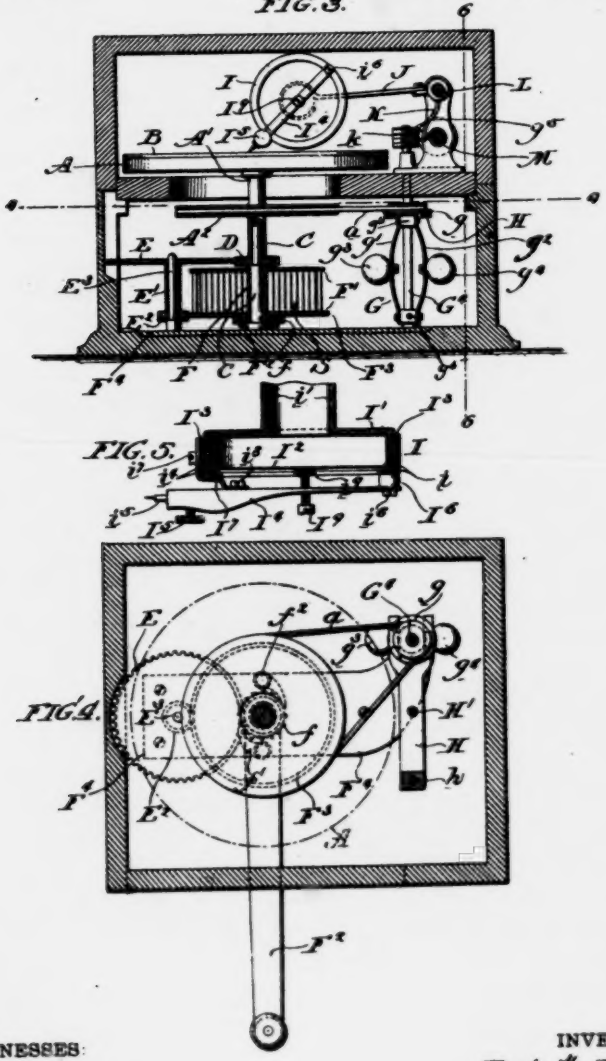

FIG. 5.

FIG. 4.

WITNESSES:

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Attorney

71

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(No Model.)

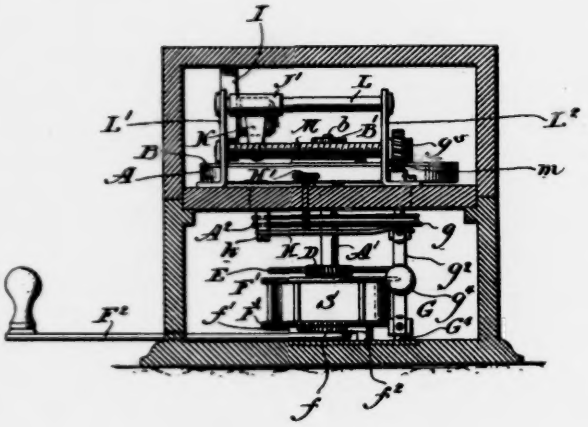
3 Sheets—Sheet 3.

J. W. JONES.

SOUND REPRODUCING MACHINE.

No. 604,829. Patented May 31, 1898.

FIG. 6.



WITNESSES

A. V. Groupe

INVENTOR

Joseph W. Jones

by David G. Underwood & Co

Attorneys.

UNITED STATES PATENT OFFICE.

JOSEPH W. JONES, OF PHILADELPHIA, PENNSYLVANIA, ASSIGNOR TO HIMSELF AND JOSEPH A. VINCENT, OF SAME PLACE.

SOUND-REPRODUCING MACHINE.

SPECIFICATION forming part of Letters Patent No. 604,829, dated May 31, 1898.

Application filed July 23, 1897. Serial No. 645,750. (No model.)

To all whom it may concern:

Be it known that I, JOSEPH W. JONES, a citizen of the United States, residing at Philadelphia, in the county of Philadelphia and State of Pennsylvania, have invented certain new and useful Improvements in Sound-Reproducing Machines; and I do declare the following to be a full, clear, and exact description of the invention, such as will enable others skilled in the art to which it appertains to make and use the same, reference being had to the accompanying drawings, and to the letters of reference marked thereon, which form a part of this specification.

My invention relates to improvements in the reproducing apparatus adapted for use in the method of recording and reproducing sounds as carried out in that class of instruments known as "gramophones."

In this class of apparatus the record is produced on the face of a disk as a volute band consisting of a sinuous or undulating groove of even depth. In the production of the record a recording-stylus is caused to travel in a straight radial path from the circumference toward the center. The reproduction of the recorded sounds is effected by giving to a reproducing-stylus a vibratory movement by and in accordance with the sinuosities of the record-groove, and these vibratory movements being transmitted to a diaphragm vibrations of the latter give rise to sounds which are reproductions of the sounds originally produced in the recording apparatus.

In all reproducing apparatus of the above type, as far as I am aware, a long arm has been employed to support the sound-box and stylus, and where it has been desired to intensify the sound a horn in like manner has thereby been supported and carried, the movement imparted to the arm sound-box and horn being effected by the delicate groove of the record working in conjunction with the stylus. It frequently happens that the sinuosities of the record leave very delicate partition-lines between the volutes of said record so that after several reproductions the grooves are caused to run together by the friction of the stylus, thus preventing a complete and perfect reproduction of the sound-waves recorded upon the record.

One of the main features of my invention, therefore, has reference to the means for positively conveying the sound-box and stylus along with the parts connected thereto across the face of the record-disk at a uniform speed with the travel of the stylus.

Another feature of my invention is the construction of the sound-box and means for regulating the quality of sound thereby produced.

My invention further embodies the construction and arrangement of various parts of the apparatus, all of which will be more fully explained hereinafter.

In reference to the drawings accompanying this specification, Figure 1 represents a plan view of a device embodying my invention. Fig. 2 illustrates a front elevation of the same. Fig. 3 shows a sectional elevation on the line 3 3 of Fig. 1. Fig. 4 represents a sectional plan view on the line 4 4 of Fig. 3. Fig. 5 illustrates an enlarged sectional view of the sound-box diaphragm and stylus, and Fig. 6 illustrates a section on the line 6 6 of Fig. 3.

A represents a rotating table which I prefer to make of sufficient weight to act as a balance-wheel, so that in conjunction with the governor the table will have a tendency to more regularly rotate.

Upon the table A is placed the disk B, containing the record, the same having an opening in the center adapted to a threaded stem *b*, which projects from the top of the table A, the record-disk being held in place by a thumb-screw B', which engages the threaded stem *b*. The table A is secured to a vertical shaft A', which carries a pulley A^2, which through the medium of the belt *a* and pulley *g* imparts a rotary motion to the governor G.

The lower end of the shaft A' is hollowed out to receive a stationary vertical shaft C, by which the shaft and table are supported, and upon the lower end of the shaft A' is a pinion D, which meshes with a spur-wheel E, secured to a sleeve E', to which in like manner is fastened at the lower end thereof a pinion E^2, all of which are supported upon the stationary vertical shaft E^3.

Surrounding the stationary vertical shaft C is a sleeve F, which supports the spring-drum F' and to which the inner end of the spring S is secured.

The sleeve F is provided at the lower end

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with ratchet-wheel f, operated by a pawl f', which is pivoted to the winding-lever F^2. The lower side of the spring-drum F' is provided with a spur-wheel F^3, forming a part of the spring-drum, and said spur-wheel meshing with the pinion E^2 imparts motion thereto from the spring S, the outer end of which is secured to said drum.

To the base-plate F^4 is pivotally secured a retaining-pawl f^2, which engages with the ratchet-wheel f to lock the latter in position during the winding of the spring.

The mechanism for causing the sound-box and stylus to travel across the face of the record is driven from the governor-shaft, in order to impart a positive and more regular motion to the stylus.

The vertical shaft G^1, which is driven by the pulley g, has a lower bearing in the plate F^4 and an upper bearing in one of the brackets supporting the bar carrying the sound-box.

The governor itself, which is of very ordinary type, comprises two steel springs g' and g^2, to which are secured the weights g^3 and g^4. At the lower end of the governor said springs are secured to a block g^5, which in turn is fixed to the shaft. The opposite ends of the springs are secured to a movable block g^6, to which is secured the pulley g.

On the under side of the upper portion of the cover of the machine is a leaf-spring H, having forked ends capable of being adjusted with respect to the pulley g. The leaf-spring is pivoted at a point h, and at or near the center is an adjusting-screw by which the pressure of the spring upon the pulley g and consequent speed of the machine can be regulated.

The sound-box I is carried by a short arm J, having a spring portion j, which encircles the reduced end of the sound-box and holds the same firmly in position.

The arm J is connected to a sleeve J' by means of screws j' and j^2, the former acting as a fulcrum-point, while the latter is adapted to a slot in said arm, the object of this arrangement being to allow for any irregularity which may exist between the feed imparted to the stylus by the groove of the record and that given to the arm J by the mechanism acting upon the same.

The sleeve J' is mounted upon a horizontal bar L, which is supported at opposite ends by brackets L' and L^2, and in like manner said brackets form supports for the screw M.

Depending from the sleeve J' is an arm K, provided with a screw k, tapered at the end to engage the thread of the screw M, by which the sound-box is fed in one direction across the face of the record-disk, motion being imparted to said screw from the shaft G^4 by the worm g^7, mounted thereon, and worm-wheel m, secured to the end of the screw-shaft.

One of the features of my present invention is the sound-box I, which has been designed to overcome harsh and grating sounds emitted by reproducing-diaphragms and to further reduce the loudness of the sound, which cannot be received with comfort by the listener.

In the present construction the sound-box I comprises a casing or body portion I', provided with a reduced portion i', through which the sound-waves are conducted.

The diaphragm I^2 is secured to the body portion by a ring I^3, and on opposite sides of the diaphragm between the ring and casing are soft-rubber washers i^4.

The stylus-lever I^4 has a heavy rigid portion to which the stylus i^5 is secured by a thumb-screw I^5, and a spring portion which is secured to the ring of the sound-box by a screw i^6, there being a buffer I^6 interposed between the stylus lever and ring of the sound-box.

A delicate steel spring I^7 serves to fulcrum the heavy end of the stylus-lever to the ring of the sound-box, the same being secured to the respective parts by screws i^7 and i^8.

The volume and quality of tone emitted from the sound-box is regulated by the set-screw I^8, which is threaded to the stylus-lever at the center and bears against a buffer i^9, fastened to the diaphragm, preferably formed of rubber.

Having now described my invention, what I claim, and desire to secure by Letters Patent, is—

1. In a sound-reproducing machine a record-disk, suitably supported and rotated, a sound-box provided with a diaphragm and stylus, the latter being adapted to the record, a lever secured to the sound-box and hinged to a sleeved portion or carrier which is guided upon a horizontal bar, said lever being hinged in such a manner as to allow a slight movement of the sound-box and stylus independent of the motion imparted by the feed mechanism, the sleeved portion or carrier having a depending portion adapted to a feed-screw, the horizontal bar for guiding said carrier, the feed-screw arranged below the horizontal bar, a worm-wheel on said screw, and a worm driven from the source of power to impart motion to the worm-wheel.

2. A feed-motion for a sound-reproducing machine comprising a horizontal bar, a carrier mounted thereon having a depending portion engaging a feed-screw, the feed-screw, means as shown for imparting motion thereto, a sound-box provided with a diaphragm and stylus, the latter being adapted to a sound-record, and an arm secured to the sound-box and hinged to the carriage in such a manner as to allow a slight movement of the sound-box and stylus independent of the movement imparted thereto by the feed-screw.

3. A sound-reproducing machine consisting of a record-disk suitably supported and rotated, a sound-box provided with a diaphragm, a stylus-lever extending across the face of the diaphragm, having a rigid portion fulcrumed by a spring to the sound-box and a flexible portion secured by a screw to the sound-box, an adjusting-screw located at or

near the center of the stylus-lever, one end of which is in contact with the diaphragm, a sound-box lever hinged and guided upon a horizontal bar, said lever having a depending portion provided with a screw-thread, a screw for engaging the threaded depending portion of said lever, a worm-wheel upon the end of said screw, and a worm driven from the source of power for operating said worm-wheel.

4. A sound-box for a sound-reproducing machine, consisting of a diaphragm mounted in a box or casing, a stylus-lever having a rigid portion hinged to the box or casing by a thin leaf-spring, and a flexible portion united through the medium of a rubber cushion to the box or casing, and an adjustable set-screw threaded to the stylus-lever at or near the center thereof, adapted to engage a buffer secured to the center of the diaphragm.

5. In a sound-reproducing machine, a sound-box comprising a shell or casing provided with a diaphragm and stylus-lever, the latter passing diametrically across the face of the diaphragm, and having a rigid portion connected to the sound-box by a spring, and a flexible portion pivoted at the opposite side and provided with a buffer, and an adjusting-screw adapted to the center of the stylus-lever and bearing against the diaphragm, substantially as specified.

6. In a sound-reproducing machine a sound-box provided with a diaphragm and securing-ring, a stylus-lever extending across the face of the diaphragm having a rigid portion fulcrumed by a spring to the securing-ring and a flexible portion formed integral therewith and secured to said ring by a screw and an adjusting-screw passing through the stylus-lever and acting upon a buffer fixed to the center of the diaphragm, substantially as specified.

7. In a sound-reproducing machine, a sound-box provided with a diaphragm, a stylus-lever extending diametrically across the face of the diaphragm and having a rigid portion fulcrumed at one side of the sound-box and a flexible portion secured to the opposite side of the sound-box with an adjustable screw threaded to the stylus-lever at or near the center and adapted to press upon the diaphragm, substantially as specified.

8. In a sound-reproducing machine, a sound-box provided with a diaphragm and securing-ring, a stylus-lever, extending across the face of the diaphragm, having a thickened and rigid portion fulcrumed by a spring to the securing-ring and a flexible portion united by a yielding pivotal connection to the opposite side of the securing-ring with an adjustable screw passing through the stylus-lever and acting upon the diaphragm, substantially as specified.

9. In a sound-reproducing machine, a sound-box provided with a diaphragm and securing-ring, a stylus-lever extending diametrically across the face of the diaphragm, the same being thick and rigid at one end and thin and flexible at the other, a leaf-spring interposed between the rigid portion of the stylus-lever and the securing-ring, an elastic buffer interposed between the flexible end of the stylus-lever and the securing-ring with a screw for holding the same in position, and an adjusting-screw passing through the center of the stylus-lever and acting upon the diaphragm through the medium of an elastic buffer, substantially as specified.

In testimony whereof I affix my signature in presence of two witnesses.

JOSEPH W. JONES.

Witnesses:
GEO. W. REED,
DAVID S. WILLIAMS.

75 47

(No Model.) 2 Sheets—Sheet 1

M. L. DEERING.

GRAPHOPHONE.

No. 428,273. Patented May 20, 1890.

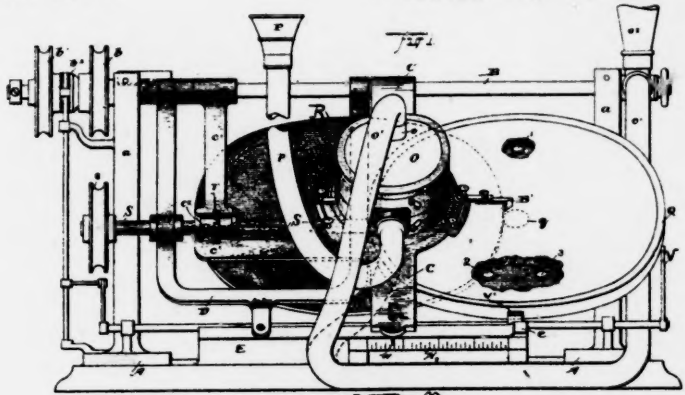

Fig 1.

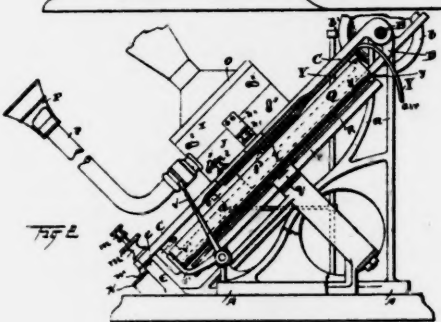

Fig 2.

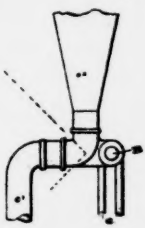

Fig 15.

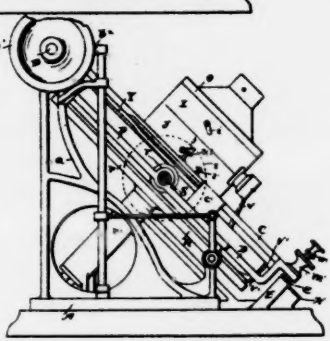

Fig 3.

WITNESSES.

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William W. Dalin

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M. L. Deering

By

W. T. Fisher

ATTORNEY

76

(No Model.)

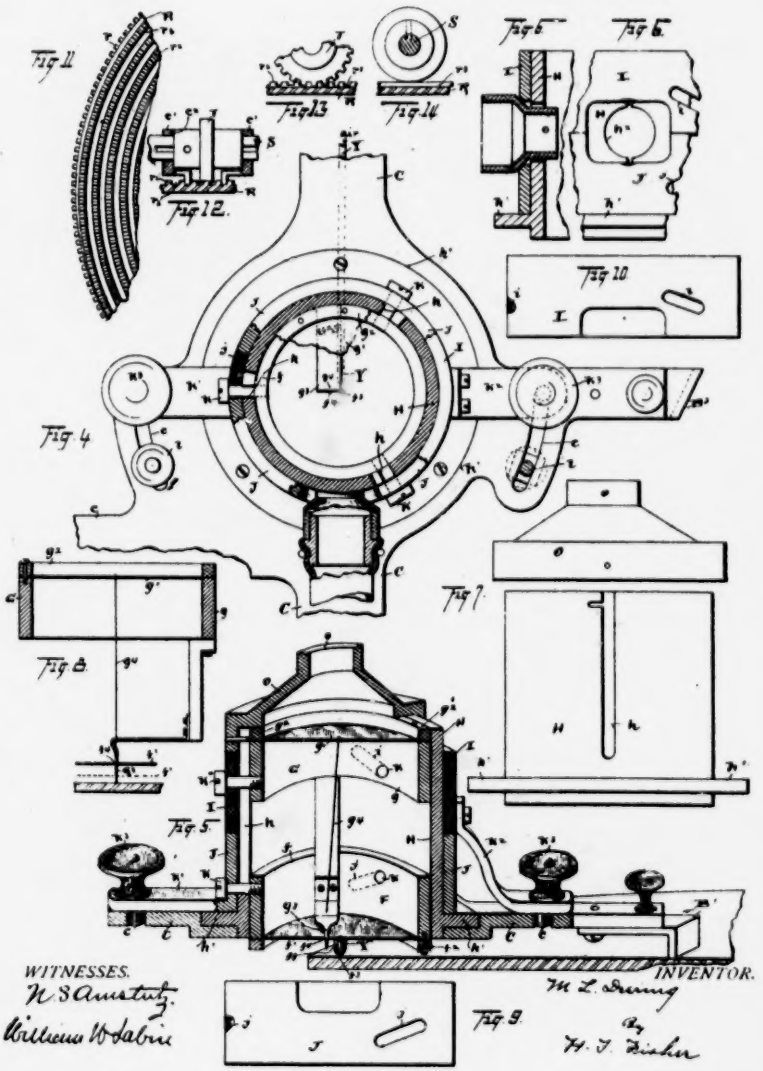
48

2 Sheets—Sheet 2.

M. L. DEERING.

GRAPHOPHONE.

No. 428,273. Patented May 20, 1890.



WITNESSES.

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ATTORNEY.

UNITED STATES PATENT OFFICE.

MARK L. DEERING, OF CLEVELAND, OHIO.

GRAPHOPHONE.

SPECIFICATION forming part of Letters Patent No. 428,273, dated May 20, 1890.

Application filed December 20, 1886. Serial No. 204,210. (No model.)

To all whom it may concern:

Be it known that I, MARK L. DEERING, a citizen of the United States, residing at Cleveland, in the county of Cuyahoga and State of Ohio, have invented certain new and useful Improvements in Graphophones; and I do hereby declare that the following is a full, clear, and exact description of the invention, which will enable others skilled in the art to which it appertains to make and use the same.

The invention relates to improvements in graphophones, and has for its object to simplify the construction of graphophones, and to render them more practicable and convenient for every-day use, as well as to enhance their efficiency in the recording and reproduction of vocal and other sounds.

The invention consists in the construction of parts, as hereinafter described, and fully pointed out in the claims.

In the accompanying drawings, Figure 1 is a front elevation of the machine. Fig. 2 is an end view looking from the right of Fig. 1, and Fig. 3 an end view looking from the left of Fig. 1. Fig. 4 is a horizontal section of the diaphragm-supporting mechanism, taken on line *x x*, Fig. 2, and shown on an enlarged scale. Fig. 5 is a vertical section of the recording and reproducing mechanism and showing the means for adjusting the same with respect to the tablet. Fig. 6 is a sectional view showing the attachment of the speaking-tube or mouth-piece to the inner cylindrical support, upon which the recorder and the reproducer, respectively, are mounted, said cylinder being shown in elevation in Fig. 7 with its cap removed and seen above said figure. Fig. 8 is a vertical section of the reproducer, showing one form of style and the manner of connecting same and diaphragm. Figs. 9 and 10, respectively, are elevations of the rings upon the outside of the main supporting-cylinder for controlling the recording and reproducing rings upon the inside of said cylinder or tube. Fig. 11 is a face view of a section of the driving disk or wheel. Fig. 12 is a sectional elevation of the driving-pinion, showing the guide-fingers therefor arranged to travel in the spiral grooves of the drive-wheel; also showing slot in the drive-shaft to guide the pinion longitudinally thereon. Fig. 13 is a side view of a section of the driving-pinion and of the spirally-cut drive-wheel. Fig. 14 shows a drive pinion or wheel having a frictional contact with a section of the drive-wheel, and substituting the gear shown in the other figures. Fig. 15 is a detached end view of the trumpet, shown here as connected with the main frame.

A represents a supporting or main frame, which may be of any suitable design or construction. As here shown, said frame has two end standards *a a*, upon which is fixed a rod or bar B, having one end formed into a spindle to carry the pulleys *b b'*. This rod is fixed rigidly in the standards *a a*, and forms a support for the upper end of the arm C and the yoke-shaped frame D. The yoke D is adapted to rise in vertical lines on said bar, but does not move laterally, while the arm C both pivots and slides on the rod. At their lower ends both the yoke and arm are supported on the foot-bar E.

A specially novel feature of my invention is the arrangement and combination of the recorder F and reproducer G on a single arm, one above or over the other, so that when it is desired to change the machine from one use or function to another it is not necessary to make any attachment or detachment of said parts, but all the parts necessary to the performance of either function are constantly in position and require but the slightest movement or adjustment to put the machine to work or to change or stop its operation. Hitherto in all the machines with which I am acquainted the recorder and reproducer were entirely separate and distinct parts, one or the other of which was either wholly detached from the machine or swung away from the tablet when the other was at work, so that to make a change in the operation both parts had to be handled and their positions exchanged before the conversion of the machine to either reproduce or record was effected. This objection and manifest inconvenience I wholly avoid by employing a single arm which carries both recorder and reproducer in practically stationary position, and so arranged that by a slight raising or lowering of each the necessary change in position is accomplished, and either may be set to work at will. The special mechanism by which these re-

sults are worked out in the machine here shown is as follows: A single arm C, free to turn and slide on the rod or bar B, is employed, and on this arm I attach the recorder and the reproducer, one over or above the other. These consist, respectively, in rings *f g*, having diaphragms *f' g'*, secured in position by small rings f^2 g^2, and having styles or points f^3 g^3. In these particulars the recorder and reproducer are practically alike, and the parts interchangeable for convenience of manufacture and use.

H represents a cylinder or tube which has three vertical slots *h* open at the top, and a lateral flange *h'* at the bottom, which rests in a corresponding depression in the arm C, and through which it is secured to said arm.

Upon the outside of the cylinder H are two adjusting-rings I J, one for the recorder and the other for the reproducer, and each provided with three diagonal slots *i j*, respectively, and corresponding to the open slots *h*. The rings F G are held in position by screw-slots *k*, which pass through the aforesaid slots *i j h* into the said rings F G. Then to adjust the said rings, and thereby raise or lower either the recorder or the reproducer, I provide each outer ring I J with a lever or handle k' k^2, respectively, each of which has a thumb-nut k^3 working in a segmental slot *c* in the main arm C. In operation this construction will be found very easy and convenient. If a record is to be made, the upper style is carried away from the tablet by turning the ring I by its lever k^2, the said ring raising the bolts *k*, extending therethrough into the ring G, and causing said bolts and the ring G to move up through slots *h* in a corresponding degree. A corresponding movement of the lever k' in the opposite direction lowers the recorder to working position, and the thumb-nuts k^3 in each case serve to fasten said levers when adjustment is made. Each movement is the work of but an instant and requires no strength or effort to perform. As a further convenience, after having ascertained the exact position to which each lever k' k^2 should be moved to get the best effects, both in recording and reproducing, the style-points in each case being down on the tablet for this purpose, I provide adjusting set-nuts *l l'* in the slots *c*, which are fixed to serve as stops for the movement of the said levers k' k^2. These being set in the right places, the levers can be moved and the parts brought into the best working position as the exchange is made from recording to reproducing, or vice versa, without any special care by the operator or liability to get wrong. It will be observed that each of these parts has its own distinct mechanism for setting and for operation, while the construction and the operation in both are similar, thus lending simplicity thereto and leaving little to be learned, and avoiding complication and liability to err in the manipulation of the machine. It may be more definitely stated that both the recorder and the reproducer move only in vertical lines governed by the slots *h*, while the outside rings move rotarily according to the slots therein. A further adjustment of the arm C, which affects both the recorder and the reproducer alike, is provided by a thumb-nut *m*, which extends through the lower extremity of said arm and bears on the foot-bar E. Raising or lowering said arm by means of this nut will give more or less depth of penetration to both of the styles. A lock-nut *m'* secures the thumb-nut *m* when adjustment has been made.

It will be seen that the style f^3 of the recorder is set centrally in its diaphragm, and that by its side is a perforation f^4, through which extends the style f^3 of the reproducing-diaphragm. I have found that this perforation can be made without in any way endangering or impairing the efficiency of the recording-diaphragm, and in that fact found a solution of the problem of setting one part above the other and reaching the tablet with both styles in permanent position at about the same point upon its surface. In operation either style not in use need only be sufficiently withdrawn to avoid the surface of the tablet, and one or the other is always out of working position. As here shown, the two styles are side by side laterally to the operator and have a space between them corresponding, say, to one or more spaces on the scale N, so that either may be placed exactly into the position of the other and their positions exchanged by making the adjustments above described and moving the arm the required number of points to right or left. It will be seen that by reason of having both parts on the same arm, in the same support, and under the same mechanical conditions throughout, the two points will unerringly find exactly the same position on the tablet and the reproducer take the track of the recorder with the utmost precision. Such precision is essential to clearness and accuracy of reproduction and is much more difficult to obtain where the recorder and reproducer are on interchangeable arms and are otherwise wholly independent parts. As here shown, the reproducing-style is attached to the ring G, and has a silken or other cord g^4, by which it is connected with its diaphragm. Any suitable construction of these parts may be used.

O is a cap which covers the tube H, and has an opening *o* in its top, through which the reproduced sound may be taken either directly or by attaching a trumpet or tube *o'* thereto or otherwise, as may be desired.

P is a mouth-piece, through which the sound is imparted to the recorder, and is secured to the tube H by bayonet-like connection or in any suitable way. The rings I J are cut away sufficiently, as seen in Fig. 7, to allow the necessary adjustment without obstruction by said piece.

Q is a disk-shaped tablet-holder mounted in a suitable bearing in the main frame of the

machine, and provided with a pinion q about its spindle on the under side. Meshing with this pinion is a drive-wheel R, having gear r on its periphery for this purpose. This wheel likewise is disk-shaped or flat on its upper surface, and is supported in a suitable bearing r' in the main frame or attached thereto. Upon the surface of this wheel is cut a spiral gear r^2, running from periphery to the center, and between the lines of the gear is a groove or open space r^3.

S is the drive-shaft supported in bearings on the yoke D, which yoke is free to swing vertically on the rod B, but prevented from lateral movement on said rod by any suitable means. A lateral arm c', rigid with the arm C, has a bearing at its end on the rod B and a recess c^2, in which is located a wheel or pinion T. This pinion has a hub through which it is sleeved on the drive-shaft S, and is so connected therewith by a spline that it will turn with the said shaft when it is turned, but at the same time is free to slide longitudinally thereon, and thus travel inward or outward on the wheel R, over the spiral gear, with which it is arranged to mesh and operate.

Power is applied by band from pulley b to pulley s, and the machine may be promptly stopped or started by means of a lever V, connecting with the clutch b^2, which engages the pulley b. A friction-brake v' is provided for bearing on the tablet-holder at the same time that the clutch is thrown out, so that the tablet-holder will not move from momentum after the power is thrown off, but stops instantly when the change is made. The said brake v' and the lever V are connected for conjoint action, thus locking and unlocking the tablet with each movement of clutch. Obviously this is only one of many ways in which the machine could be stopped and started, and the brake might be applied to the drive-wheel or other part of the moving mechanism.

It should have been stated that the shaft S passes freely through openings in the arms c' at either side of pinion T, so that through and by means of said shaft the arms C c' and the yoke D are so connected that one cannot be raised without also raising the other. This does not, however, interfere with the free lateral sliding movement of the arm C c' and its attached parts independently of the yoke D, as is necessary when the machine is at work and when either style or point is to be changed with respect to positions on the tablet.

From the foregoing description the operation of the tablet-holder through the propelling mechanism will be clear. The speed of the tablet-holder as compared with the speed of the drive-wheel will depend on the size of pinion q. As here shown, the relative sizes are such that the tablet is given about ten revolutions to one of the drive-wheel. Of course the record on the tablet-holder will run in spiral lines, for the reason that the style-point is fed inward toward the center gradually through the wheel T and the arm C; but these lines will be as ten to one of the spiral gear on the drive-wheel, thus making a very compact record and getting a great number of words into a small space. A more or less compact record can be made by using larger or smaller pinions q, and interchangeable pinions can be kept for this purpose.

The relative positions of the parts are easily and accurately determined. Suppose, for example, that it is desired to start a record—say half-way in—on the tablet. It is only necessary to carry arm C to the middle of scale E and place the pointer w over said middle line. This movement carries the wheel T inward toward the center of the drive-wheel to a position corresponding exactly to the position of the recording-style on the tablet. A movement bodily of the parts to any other position would have the same effect, and exact correspondence of position would be maintained between wheel T on the drive-wheel and the style-point on the tablet, and there is no movement, adjustment, or change which could make any difference in this particular.

Any suitable governor may be employed to give regularity and uniformity of speed to the actuating mechanism.

The machine as herein shown and described has a disk-shaped drive-wheel with spiral gear on its flat face. The shape or form of the said wheel is not material, provided it have spiral contact thereon which will mesh with a traveling pinion or other suitable wheel.

To deaden the sound of the machinery, I cover the backs of the drive-wheel and the tablet-holder with a coating of non-conducting material y. For this purpose paper pasted thereon with shellac serves very well, though any other suitable covering may be employed.

I do not wish to regard the invention as restricted to a disk-shaped tablet-holder, as obviously a cylindrical tablet would work as well with this machine.

In Fig. 1 I show three irregularly-set pins or studs 1 2 3 on the surface of the tablet-holder, with which three corresponding openings in the bottom of the tablet register. As all the tablet-holders and tablets will be made exactly alike in these particulars, there can be no mistakes made in placing the tablet in position, the irregular pins and holes admitting of but one position of the parts, and that position always being right.

As seen in Fig. 5, a sound-chamber is formed between the two diaphragms, the only opening to which is the circular opening h^2 for the mouth-piece P, and in Fig. 1 I show a flexible tube p, connected with the piece P. While this piece P is termed the "mouth-piece" in contradistinction to the opening o in cap O, through which only reproduced sound is received, it should be understood that I really need only a single tube p, connected with piece P and leading to the chamber between the two diaphragms, to both record and

receive sounds, and having made a record by speaking into tube *p*, I can transfer it to the ear and receive back the same message. This is a great convenience as compared with those machines which require handling of two separate and distinct apparatus, which have to be exchanged every time a change is made from recording to receiving, or the other way. Yet I find the opening in cap O useful for various purposes of reproduction—for example, as when the sound is to be delivered to a group of persons in a room—and have shown in Fig. 1 a tube *o* connected therewith and provided with a flaring trumpet o^2, which may be adjusted on its support at the end of rod B to deliver in one direction or another according to pleasure; or this tube may be attached at its inner extremity to the so-called "mouth-piece" P, as shown by dotted lines in Fig. 1, and used to both record and receive, as is done with tube *p*. The tube *o* would ordinarily be provided with a large flaring trumpet adapted to catch the sounds of vocal or instrumental music, or of speech by a person standing at a distance, as when delivering an address, while the trumpet on the tube *p* would be adapted more especially for use directly by the operator of the machine.

I have shown and described gear on the drive-wheel and its pinion or wheel for actuating the style-arm. Frictional or other positive contact could be employed between said wheels, and the gear thus be dispensed with; but gear-connection is deemed preferable.

Y is an air-tube connected with any suitable blower at its outer end and arranged with its inner end to deliver a steady stream of air under pressure upon the tablet about the style to blow away the scrapings produced by the style-point and to keep all the parts perfectly clean and clear. The same motor that runs the graphophone can run the blower, or they may be separately driven, according to convenience. A steady blast of air delivered about the recording-style when at work saves the trouble and annoyance of the operator blowing away the scrapings after the record is made, or, in fact, during its progress, for the reason that the style is liable to clog with accumulations in front of it unless frequent blowing is resorted to as it passes over the tablet.

On the bar E, I form an incline *e* for the style-arm to ride upon when the arm is carried to the extreme of its movement toward the center of the tablet, and thus lift the style out of contact with the tablet and permit all the parts to move without making a record.

B is a turn-tool, shown here as supported upon the style-arm and serving to turn down the surface of the tablet when such service is required. The special location or position of this tool is not important.

Having thus described my invention, what I claim as new, and desire to secure by Letters Patent, is—

1. In a graphophone, a diaphragm having a style and a perforation, and a second diaphragm with a style extending through said perforation, substantially as set forth.

2. In a graphophone, a diaphragm to record sound and a diaphragm to reproduce sound, each adjustable in vertical lines on a common support, with a chamber between said diaphragms having an opening at its side, substantially as set forth.

3. In a graphophone, a recording-diaphragm and a reproducing-diaphragm, one above the other, the style of the upper diaphragm passing through the lower diaphragm, substantially as described.

4. In a graphophone, an arm carrying a recorder and a reproducer, a tablet, a wheel to move the arm across the tablet, and a drive-wheel having spiral contact with said wheel, by which said wheel is moved forward, substantially as set forth.

5. In a graphophone, a drive-wheel with a flat surface divided by spiral lines, a tablet, a style-supporting arm, and a wheel for moving said arm driven by contact with the drive-wheel, substantially as set forth.

6. In a graphophone, a tablet-holder and a drive-wheel in fixed bearings, a style-supporting arm, and a wheel to move said arm rotated and moved axially by the drive-wheel, substantially as set forth.

7. In a graphophone, a wheel with spiral gear, a shaft having a pinion or wheel free to turn and travel longitudinally on the shaft, a tablet, and an arm carrying recording and reproducing devices, substantially as set forth.

8. In a graphophone, a disk-shaped drive-wheel having a spiral gear and a spiral groove upon its face, and a wheel to move the style-arm meshing with said gear and carried forward by a guide in the groove, substantially as set forth.

9. In a graphophone, a drive-wheel having spiral gear upon its side and gear in its periphery, in combination with a wheel meshing with the spiral gear, a style-arm moved thereby, and a tablet-holder with a pinion meshing with the gear on the periphery of the drive-wheel, substantially as set forth.

10. In a graphophone, a recorder-diaphragm and a reproducer-diaphragm, one over the other, and provided with separate styles, and a single movable support for said parts, substantially as set forth.

11. In a graphophone, a recorder and a reproducer provided with diaphragms, and a movable support on which said diaphragms are held one above the other, substantially as set forth.

12. In a graphophone, separate recording and reproducing diaphragms having separate styles and a sound-chamber between them, and an opening to said chamber at the side, substantially as set forth.

13. In a graphophone, a recorder and a reproducer located one above the other on a common supporting-arm and having independently-adjustable diaphragms with styles attached, substantially as set forth.

14. In a graphophone, separate recording and reproducing diaphragms, a chamber between said diaphragms having a side opening, and a chamber above the outer diaphragm having an opening, substantially as set forth.

15. In a graphophone, a supporting-arm and separate recorders and reproducers on said arm, one above the other, and having separate styles, a tablet, and single adjusting mechanism to fix the elevation of the recorder and reproducer with respect to the tablet to increase or diminish the distance between said parts, substantially as set forth.

16. In a graphophone, a diaphragm with a style and a perforation at one side of the style, in combination with a superposed diaphragm having a style extending through said perforation, and a single arm supporting said parts, substantially as set forth.

17. In a graphophone, a tablet supported in stationary bearings, and an arm carrying two diaphragms, one over the other, and two style-points connected with said diaphragms, substantially as set forth.

18. In a graphophone, a tablet supported in stationary bearings, and an arm carrying a recorder and a reproducer having separate styles, situated substantially side by side and connected with different diaphragms, one above the other, substantially as set forth.

19. In a graphophone, a drive-wheel having a spirally-divided bearing-surface on its top, and a wheel to actuate the style-supporting arm working in contact with said spirally-divided surface and said style-supporting arm, substantially as set forth.

20. In a graphophone, a drive-shaft and a style-supporting arm and a wheel to move said arm on said shaft, in combination with a drive-wheel and a tablet, substantially as set forth.

21. In a graphophone, a drive-wheel with a flat surface having spiral gear cut thereon, a wheel meshing with the drive-wheel and moved longitudinally on its shaft by the drive-wheel, and a style-supporting arm moved by said wheel, substantially as set forth.

22. In a graphophone, a trumpet fixed adjustably upon the frame and a tube leading therefrom and adapted to be connected with the recorder and reproducer, respectively, in combination with a single arm having a recorder and a reproducer thereon, one above the other, substantially as set forth.

23. In a graphophone, a drive-wheel having a flat contact-surface, a tablet-holder having a wheel rigid therewith and in contact with the periphery of the said drive-wheel, an arm carrying a style, and a wheel to move said arm actuated by the surface of the drive-wheel, substantially as set forth.

24. In a graphophone, a drive-wheel having a spiral contact-surface on its side to impel the style-arm, in combination with the style-arm, a tablet-holder, and a pinion or wheel rigid therewith and driven by the drive-wheel, substantially as set forth.

In testimony whereof I hereunto set my hand this 18th day of December, 1888.

MARK L. DEERING.

Witnesses:
H. T. FISHER,
I. L. COREY.

82

A RECORD SAVER AT LAST!

A NEW TALKING MACHINE!

With this new machine the life of a record is materially increased by the aid of its mechanical feed device, doing away with the old wearing of the record, by the fact that this feed device supports the arm and reproducer, taking away the weight heretofore supported by the record.

WE MANUFACTURE A FINE RECORD FOR USE ON THIS MACHINE.

LEEDS & CATLIN CO.,
53 East 11th st. New York.

This record is sold by the manufacturers upon condition that when sold by dealers to the public it must be sold at not less than the regular list price, and upon the further condition that the record shall be used for the reproduction of sound directly from the record; it is sold for use on mechanical feed machines. This record is made from the very finest material and can be played many times without deterioration.

A Wonderful Record Saver

A Marvelous Sound Reproducer is the New Taper Arm Talk-O-Phone Equipped with the Ingenious Mechanical Feed.

[CUT.]

Appreciating that the grating, grinding noises of all disc reproducing machines are obnoxious, we have been experimenting for the past year to perfect a **Talk-o-Phone** that would be entirely free from all foreign sounds and only reproduce the pure musical tones.

We found that the dragging of the needle in order to propel the reproducer across the record was the cause of all the trouble. To obviate this we invented the **Mechanical Feed,** a disc to propel the reproducer across the record, entirely independent of the needle.

The marvelous, clear reproductions resulting from this new device must be heard to be appreciated. This, too, is a great record saver for there is no chance to scratch the needle across the record.

It will be observed that the **new Talk-o-Phone** operated on this principle gets entirely away from the old fundamental principle of reproducing machines, namely, the needle feed. Our patents on this new device are very broad, and this arrangement cannot be used on another machine. We do not operate under any shop rights or license from anyone.

Dealers selling reproducing machines should write immediately for our full descriptive matter and for prices on the **new Talk-o-Phone.** If you are interested in supplying your customers with the only machine which brings out from disc records the pure musical tone only, you must have a sample of this **new Talk-o-Phone.**

THE TALK-O-PHONE COMPANY,
10 Skokie St., Toledo, O.

84 **Advertisement in the "Talking Machine News."**

PUBLISHED JUNE 1, 1906, IN LONDON, ENGLAND.

[CUT.]

Song for Song,
Band for Band,
Solo for Solo,

The

IMPERIAL
CONCERT
RECORD

is louder, clearer, sweeter, and in every way more satisfactory than any other disc at present on the market.

Can be obtained from all factors and dealers, or from the sole controllers.

RETAIL PRICE
2/6.

COOK'S ATHLETIC CO., LTD.,

Telephone 4431 Central. Beech Street House, Beech Street, London, E. C.

85 11/21/1906.

The Leeds & Catlin Company.

DEAR SIRS: Having noticed in the "Music Trades" that you have gone into the manufacture of talking machines, will say that I have a client, who has recently perfected some remarkable inventions in this line, which are entirely novel in operation and different from anything now on the market.

One of these inventions is an Electric Talking Machine in which the vibrations of the needle are directly transformed into electric vibrations. No diaphragm is attached to the needle, the diaphragm may be any distance from the needle and any number of diaphragms of any size may be actuated by one needle.

The horn does not follow the needle on the record and is not connected with it. No "tapering arm" or other arm is required, as the horn is rigidly attached to the cabinet, in fact the horn may be eliminated entirely, if desired.

The many advantages of this machine will readily occur to you. This machine has not yet been shown to any of the trade, having just been perfected, and if you want a talking machine better and different from anything on the market, we have it. My client would prefer to affiliate himself with some new organization, who would not be vitally interested in pushing same of the older devices on the market.

My client also has a patent on a flexible connection between the needle arm and the diaphragm by means of which the usual scratching sound is avoided and, which by means of a thumb screw, permits the music to be made loud or soft; and the same can be easily manipulated by any unskilled operator.

A very advantageous arrangement could be made with my client at this time, but prompt action is necessary. If you are
86 interested, an interview could be arranged for in —— and a reply from you will receive immediate and careful consideration.

Yours very truly, —— ——.

Albert Platz, Exclusive Dealer in Victor Machines & Records,
344 Devoe Street.

BROOKLYN, N. Y., *Nov.* 14, 1906.

Messrs. Leeds & Catline.

DEAR SIRS: Yo received, you can send me the following records, two of each.

45274—45260—45286—45289—45294—45299—
44911—44928—44864—45263—45264—45268.

Enclosed find money order covering same.
Kindly hurry this order as I have immediate use for them.

Yours Respectfully, ALBERT PLATZ,
344 *Devoe St., B'klyn, N. Y.*

87 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

STATE AND COUNTY OF NEW YORK, *ss:*

Louis H. Bunker, being duly sworn, says:

I reside in the City of New York and have for several years past been actively engaged in the talking machine business. I have read the two affidavits of Charles K. Bennett and the affidavit of George M. Thompson upon complainants' motion to punish defendant, the Leeds & Catlin Company, for an alleged violation of the preliminary injunction issued in this action. I was present at the times of the sales of records by the defendant to said Bennett and Thompson, and the conversation which said Bennett and said Thompson state was had by them with an attendant or salesman at the establishment of the Leeds & Catlin Company took place with me. I am not and was not at the times of said alleged conversations an employee, servant or officer of the Leeds & Catlin Company. Being present at the time when said Bennett and said Thompson called at the place of business at the Leeds & Catlin Company, and being familiar with the business of the Leeds & Catlin Company and the sales of
88 their records, I undertook to wait upon said Bennett and Thompson as a friendly act, and entered into conversation with them. The said conversations, as stated in the said affidavits of Messrs. Bennett and Thompson are not correctly given. At the times of said conversations I informed Mr. Bennett and Mr. Thompson that the Leeds & —— Company had a mechanical feed-device machine and that the mechanical feed-device possessed the advantage of carrying the weight of the tapering-arm. Mr. Bennett did not inform me that he had a "Victor V" machine, nor did I tell Mr. Bennett that I had at my home a Victor Talking Machine on which I played similar records, the fact being that I did not have at my home or elsewhere a Victor Talking Machine, and have not possessed a Victor Talking Machine for the last year and a half. I explained to Messrs. Bennett and Thompson that the Leeds & Catlin mechanical feed-device machine had a new worm-gear motor containing one large spring only in addition to the mechanical feed-device, and that defendant's records could be played upon such mechanical feed-device machine and other suitable machines. Messrs. Bennett and Thompson did ask me whether the defendant's records could be used on machines of the manufacture of the Victor Talking Machine Company, and the foregoing was my answer. I was not speaking for the Leeds & Catlin Company, but was speaking in general conversation.

Mechanical feed-device machines for the reproduction of sound from flat disc records are very old in the art and are well known in the trade. I am familiar with the mechanical feed-device machine of the Talk-O-Phone Company, and in April, 1906, in the City of New York, I carefully inspected and examined the construction of the mechanical feed-device Talk-o-phone and as a result thereof, I am in a position to state that such machine was then a very perfect machine and capable of reproducing sound
89 from flat disc records having lateral undulations as perfectly as a machine not having a mechanical feed-device. Said mechanical feed-device Talk-o-phone was constructed, designed and intended for the reproduction of sound from flat disc sound-records having lateral undulations. Recently I have examined similar feed-device talk-o-phones at the place of business of the Leeds & Catlin Company, have heard the reproduction of sound by the use thereof from flat disc records having lateral undulations and know and therefore allege that such mechanical feed-device Talk-o-phones are capable of reproducing sound, and do actually reproduce sound as perfectly as sound reproducing machines not having mechanical feed-devices.

I am also familiar with the Disc-o-phone and Picture-phone, which is a modified Disc-o-phone showing pictures in connection with the reproduction of sound, of the Valiquet Novelty Company of Newark, N. J. I have visited the factory of the said Valiquet Novelty Company, and have been informed by the gentlemen of that company that they are prepared to manufacture disc talking machines operating by the aid of mechanical feed-devices for reproduction of sound from records having lateral undulations.

The record is a temporary part of all sound-reproducing machines, and this is especially true of sound-reproducing machines intended for the reproduction of sound from flat disc records having lateral undulations. Such machines employ a sharp steel needle which fits into the record-groove and soon wears out and destroys the record. A very few reproductions of sound from a record will in many cases render the record useless. Often from ten to fifteen reproductions will wear out and destroy the record. Ordinarily a record can be played for about twenty-five to thirty times, and in some cases, if the material of which the record is made is of exceptional character, the record can be played a great number
90 of times, but the record begins to wear out with the first playing thereof; hence such machines are so constructed that the records can constantly be replaced, and it is the practice to replace the record after one or two playings. The Victor Talking Machine Company has, to my knowledge, and so have its licensees, the American Graphophone Company and the Universal Talking Machine Company, sold sound-reproducing machines without mechanical feed-devices, such as those claimed by claims 5 and 35 of the patent in suit without any restriction whatever as to the records that may be used thereon for the reproduction of sound. The purchaser of such machines from the Victor Talking Machine Company and its said licensees has always understood that he was at

liberty to use the purchased machine for the reproduction of sound from any suitable record, and I have never heard any suggestion of any restriction made by complainants or its licensees with respect thereto. There are in use throughout the United States hundreds of thousands of such sound reproducing machines sold by the Victor Talking Machine Company and its said licensees together with sound-records to users or customers.

The statement contained in the affidavit of Kennedy that sound records such as defendant's sound-records "are incapable of use except in reproducing sound in the combination of claim 35 and in the method of claim 5 of the said patent, No. 534,543, in suit," is absolutely and unqualifiedly false. Defendant's sound-records are not only capable of use, but are intended for use, as above explained by me, on mechanical feed-device machines. I can understand this statement in Kennedy's said affidavit, and the incorrect and partial statement by Bennett and Thompson of their conversations with me only as attempts to mislead the Court in regard to the nature of flat disc sound-records and their capacity for use in the
91 reproduction of sound successfully and perfectly on machines of different construction, such as mechanical feed-device machines.

I have bought and sold on my own account talking machines and talking machine supplies, such as records, frequently advertising in the newspapers and otherwise for such purpose, and I have negotiated sales of the same on a commission basis. For the Leeds & Catlin Company I have negotiated sales of records only upon a commission basis, and in this way had become familiar with the sales of records by that company at the times when Messrs. Bennett and Thompson called at the place of business of the Leeds & Catlin Company and purchased the records referred to in their affidavits. I did not act in any way other than in a merely friendly way, as above stated. Such sales of Messrs. Bennett and Thompson were sales made by the Leeds & Catlin Company, and the part that I took therein was not as an employee or representative of the Leeds & Catlin Company, and I never received or requested any commission therefor. I merely happened to be present, acted as above stated, and entered into conversation with the gentlemen on each occasion, talking with them for myself and not under any instructions from the Leeds & Catlin Company, but expressing merely my knowledge of the talking machine art. I cannot understand why Messrs. Bennett and Thompson should incorrectly state the said conversations, or why they should omit the greater part of the substance of the conversations, which consisted in my very explicit explanation to them and to each of them of the mechanical feed-device machines of the Leeds & Catlin Company. At the times of said sales of Messrs. Bennett and Thompson I was not informed of the preliminary injunction issued in this suit against the Leeds & Catlin Com-
92 pany, not being employed thereby. I have not been employed by the Leeds & Catlin Company since prior to May 1, 1906.

LOUIS H. BUNKER.

Subscribed and sworn to before me this 28th day of November, 1906.

[NOTARY'S SEAL.] HARRY C. ADAMS,
Notary Public, New York Co.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

STATE AND COUNTY OF NEW YORK, *ss:*

Loring L. Leeds, being duly sworn, says: I reside in the City of New York and have been engaged in the talking machine business for the greater part of the last ten years. I have had much experience in talking machines and supplies therefor, including disc and cylinder records. I have read the annexed affidavits of Edward F. Leeds, Louis H. Bunker and Leo Moeller and agree with their statements, with reference to the talking machine art. I have visited the place of business and factory of the Valiquet Novelty
93 Company at 50-58 Columbia street, Newark, N. J., and have inspected and examined the disc talking machines heretofore manufactured by that company. I have been informed by the officers of that company that they are prepared to manufacture and sell, and will manufacture for and sell to the Leeds & Catlin Company disc talking machines operating by mechanical feed-devices for the reproduction of sound from records having lateral undulations.

I have examined, inspected and operated the mechanical feed-device talk-o-phone which is designed and intended for the reproduction of sound from disc sound records having lateral undulations, such as defendant's sound records, by the aid of a mechanical feed device and such mechanical feed-device talk-o-phones all render a reproduction of sound from the record as perfect as the reproduction of sound therefrom by complainants' machines not provided with mechanical feed-devices. It is well known in the art that the phonograph and the graphophone in their original form employ disc sound-records and mechanical feed-devices and the early Berliner gramophone of the prior art also employed disc sound-records having lateral undulations and mechanical feed-devices, both for the recording of sound and for the reproduction of sound in precisely the same manner as in the earlier phonograph and graphophone, that is to say, the recording or reproducing stylus is fed by the aid of a feed-device so that its spirals pass successively beneath the recording or reproducing point. Such a Berliner gramophone is illustrated and described in the *Electrical World* for November 12, 1887. As

the phonograph and the graphophone have, from the time of the invention thereof, been operated by means of feed-screws and are still so operated, and as it is matter of common knowledge that millions of such phonographs and graphophones have been manufactured, sold, and put into use, it is self-evident that the reproduction of sound from sound-records by means of machines operating by means of feed-devices is the very basis of the art of the
94 recording and the reproducing of sound and has reached a high state of perfection and unprecedented success. The number of sound recording and sound reproducing machines in use to-day and employing mechanical feed-devices far exceeds the number of sound reproducing machines without mechanical feed-devices, and constructed according to claims 5 and 35 of the patent in suit. As the mechanical feed-device talk-o-phone and similarly feed-device disc machines and the Berliner gramophone, operating by means of a mechanical feed-device, are constructed upon exactly those principles for the reproduction of sound as the millions of phonographs and graphophones that have gone into use were constructed upon, it is clear that the allegations contained in the affidavits of Middleton, Haddon and Kennedy, to the effect that defendant's sound-records can only be intended for use upon and are incapable of use except upon machines embodying the combination of claim 35 and operating according to the method of claim 5 of patent No. 534,543 in suit, are false and are made to mislead the Court in an endeavor to create the false impression that defendant's sound-records have no other useful purpose than use upon sound reproducing machines made in accordance with the invention of the patent in suit.

Not only are defendant's sound-records intended for use, and capable of use in a high degree of perfection upon mechanical feed-device machines, but defendant's sound records are articles of commerce between the United States and foreign countries. To my knowledge thousands of defendant's sound-records have been sold by defendant for export to foreign countries, and have been exported by defendant to foreign countries.

It is the fact that cylindrical sound-records having vertical undulations or lateral undulations are capable of moving the reproducing stylus and sound-box of a phonograph or graphophone, or other similar machine across the face of the record, just as the disc
95 sound-records having lateral undulations cause the reproducing stylus or sound-box to move across the face of the record in machines embodying the invention of claims 5 and 35 of the patent in suit. Such machines are in existence to day, as explained in the annexed affidavit of Edward F. Leeds, and are well known to those familiar with the art, and the machines and records heretofore made, sold and used within the United States. There is, in fact, no difference whatever between cylindrical sound-records having vertical undulations and flat disc sound-records having lateral undulations so far as the capacity of each to reproduce sound is concerned, either by the aid of a mechanical feed-device causing the stylus to move across the face of the record, or by the propelling of the reproducing stylus and sound-box across the face of the record

by reason of the pressure exerted upon the stylus by the walls of the rotating record-groove. The contention that a cylindrical sound-record, having vertical undulations, can be intended only for use upon, and is capable of use only upon a machine having a stylus free to be vibrated and propelled across the face of the record by and in accordance with the record in accordance with the invention of the patent in suit is no more false than is the contention made in the moving affidavits that defendant's sound-records are intended for and are capable of only a similar use. Both kinds of records are capable of use upon all kinds of sound-reproducing machines. The fact that disc sound-records having lateral undulations are peculiarly adapted for the perfect reproduction of sound upon machines having mechanical feed devices appears from a consideration of the method according to which such sound-records are made. Such sound-records, like all other sound-records, are made and can only be made by means of recording machines operating by the aid of mechanical feed-devices. The very theory of the art is that sound shall first be recorded and then reproduced by copying in the reproduction
96 the method employed in the recording.

LORING L. LEEDS.

Subscribed and sworn to before me this 28th day of November, 1906.

HARRY C. ADAMS,
[NOTARY'S SEAL.] *Notary Public, New York Co.*

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

STATE AND COUNTY OF NEW YORK, *ss:*

Leo Moeller, being duly sworn, says:

I have been engaged in the talking machine business, especially in the manufacture of disc and other sound-records, for the past five years. I am employed by the Leeds & Catlin Company. I am familiar with sound recording and reproducing machines and records. To my knowledge that disc records having lateral undulations are intended for use and are capable of use upon sound reproducing machines operating by means of mechanical feed-devices and
97 not in accordance with claims 5 and 35 of the patent in suit.

All sound-records, whether disc or cylindrical, whether of lateral or vertical undulations, are recorded by means of machines the recording stylus of which is carried across the face of the recording surface of the tablet by means of a feed-screw or other feed-

device. It is a fundamental principle in the art with which I have long been familiar that a sound-record can most perfectly be used for the reproduction of sound upon the machine by means of which the sound-record was originally made, and, of course, any sound-record can be used for the reproduction of sound with perfect success upon a machine similar to the machine by means of which the sound was originally recorded. The Edison phonograph and the Bell & Tainter graphophone are machines which record and reproduce sound by the aid of mechanical feed-devices which carry the recording and reproducing stylus across the face of the tablet or record. The phonograph and the graphophone have had various forms of construction, and the very earliest forms of the phonograph and graphophone were forms which employed flat disc tablets and flat disc records for the recording and reproducing of sound, and feed-screws or similar feed devices for causing the recording or reproducing stylus to move across the face of the tablet or record, or for causing the record to move longitudinally as it revolved either beneath or above the stylus so as to present the spirals of the record successively to the point of the stylus. The early patents to Edison, Bell & Tainter and Berliner, and to others of the prior art, all show these facts which are well known by every person familiar with the art of recording and reproducing sound.

I have seen, examined and used the mechanical feed-device Talk-o-phone, such as those referred to in the affidavit hereto annexed of Edward F. Leeds, and unquestionably such mechanical
98 feed-device Talk-o-phone, and all similar feed-device talking machines, are intended for and are capable of the perfect reproduction of sound from sound-records such as defendant's sound records having lateral undulations in a spiral groove upon the face of a flat disc. The allegations in the moving affidavits of Middleton, Hadden and Kennedy, setting forth that defendant's sound-records are intended for use and are capable of use only upon sound-reproducing machines embodying the invention of claims 5 and 35 of the patent in suit and not employing mechanical feed-devices are unquestionably false. The entire history of the art is a complete refutation of such false allegations.

The Valiquet Novelty Company of Newark, N. J., manufacturers of talking machines, has recently offered to manufacture for the Leeds & Catlin Company disc talking machines designed to reproduce sound from disc records having lateral undulations by the aid of a stylus mechanically fed across the face of the record. I have examined the principle of construction of the said machine and know that such machine will perfectly reproduce sound from disc records having lateral undulations. The Leeds & Catlin Company and other manufacturers in the United States, according to the information which I have received, are engaged in the manufacture of sound reproducing machines operating by mechanical feed devices or by means other than the invention of claims 5 and 35 of the patent in suit to be used in the reproduction of sound from sound-records, such as defendant's disc sound-records having lateral undulations. To my knowledge defendant's sound-records are sold

in large quantities for export, and have been exported in large quantities by defendant to foreign countries.

Flat disc sound-records having lateral undulations are a very temporary part of a sound reproducing machine. All sound reproducing machines employing such records are designed and constructed so that the record may conveniently and frequently
99 be removed and replaced. A machine constructed so that the record could not conveniently be removed and replaced would be of no value whatever, since after the record had been played a few times it would be worn out and destroyed and the machine would then become useless. The lasting qualities of flat disc sound-records having lateral undulations depend upon the material of which the tablet is composed and upon the perfection of manufacture of the record. All such records are made substantially to-day of the same material. The first time that the reproducing stylus passes over the record-groove, the record begins to wear out. The stylus is a sharp steel needle, and it cuts into and wears down the edges of the surface of the record. Not infrequently a record is destroyed the first time that it is played. Ordinarily a record may be played for about thirty times. Often from ten to fifteen reproductions will destroy a record, while sometimes, if the record is an exceptional one, it may be successfully played as often as fifty or sixty times. However, an inexperienced user of a machine may scratch the record even before playing and thus destroy the record, and often the records are broken and thus become useless. The Victor Talking Machine Company and its licensees, the American Graphophone Company and the Universal Talking Machine Company have sold hundreds of thousands of sound reproducing machines operating according to claims 5 and 35 of the patent in suit, together with flat sound records having lateral undulations, without any restriction whatever as to the right of the purchaser and user of such machines to replace the records thus purchased from complainants and their licensees by other records made by others. The purchaser of such machines and records from complainants and their licensees has always understood that he had a perfect right to play any record of any make upon his machine, and no intimation of any restriction to the contrary has ever been given by complainants or its
100 licensees to the best of my knowledge, information and belief. If any such restriction had ever been made my information and sources of information are such that I would, without doubt, have heard it.

LEO MOELLER.

Subscribed and sworn to before me this 28th day of November,

HARRY C. ADAMS,

[NOTARY'S SEAL.] *Notary Public, New York Co.*

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

STATE AND COUNTY OF NEW YORK, *ss:*

Louis Hicks, being duly sworn, says:

I am solicitor and counsel for defendant in the above entitled suit in equity and have been since the commencement thereof. I was present at the argument upon the final hearing in the prior suit of these complainants against the American Graphophone Company before Judge Hazel on June 5 and 6, 1905, in which suit claims 5 and 35 of the patent here in suit were sustained as valid and found to be infringed. I have also examined the papers of record
101 on file in that suit both in the Circuit Court and in the Circuit Court of Appeals. The defendant, the American Graphophone Company, made no contention of non-infringement, but contended that said claims 5 and 35 were invalid. The proof of infringement by the American Graphophone Company in that suit rested upon the following stipulation, which is to be found at page 15 of the record on appeal in that suit:

"It is stipulated between counsel that the foregoing exhibits marked respectively 'Complainants' Exhibit, Defendant's Machine,' and 'Complainants' Exhibit Defendant's Sound-Record' were made by the defendant and sold within the Southern District of New York subsequent to the date of the patent in suit and prior to suit brought, and that the said record exhibit was made for use upon the said machine exhibit and was so used."

There was no other proof of infringement, and the proof of infringement in that suit, therefore, was confined to the manufacture, sale and use by the American Graphophone Company of the invention of claims 5 and 35 of the patent in suit as embodied in the said exhibits. Judge Hazel in his opinion distinguished the principle of operation in the Berliner machine from the principle of operation in the Edison phonograph and the Bell & Tainter graphophone of the prior art as follows:

"The principle of operation in the Berliner machine is thought to be essentially different from that of the machine of Bell & Tainter. In the latter, an auxiliary joint or feed-screw was necessary, as already stated, to effectuate the required passage of the record over the point of the stylus, or to cause the stylus and reproducing diaphragm to travel across the surface of the record. In complainants' patent, on the other hand, it is shown that the lateral vibrations of the stylus point and the propelling of the same over the surface of

the record without mechanical assistance and through the
102 means of the groove alone was the primary object of the inventor. * * * The broad claims in suit, in my judgment, cannot be restricted to a record of even depth, such as described in the specification."

Upon the motion for preliminary injunction in this suit, the sole proof of infringement consisted in affidavits alleging that defendant sold a machine known as the Ohio Talk-O-Phone, together with sound records for use thereon. Defendant admitted that in the settlement of an account with the Talk-O-Phone Company it had taken in part payment a few Talk-o-phones. Hence, in the prior suit, the question of infringement was confined to the making, using and selling by defendant of machines and sound records for use thereon, and in this suit the question of infringement was confined to the selling by defendant of machines not licensed by complainants, together with sound records for use thereon. In each case the machines combined with the records embodied the invention of claims 5 and 35 of the patent in suit, and did not operate by the aid of mechanical feed-devices of the prior art. The questions which complainants seek to raise upon this motion were not adjudicated by the Courts either in the prior suit or in this suit.

Upon the argument of the motion for preliminary injunction in this suit before Judge Townsend, complainants' counsel refused to contend that the mechanical feed-device Talk-o-phone was an infringement of claim 5 or claim 35 of the patent in suit. Upon this point complainant's counsel said in his brief:

"As these so-called 'mechanical feed' machines have not been offered in this case as alleged infringing machines, it is not an issue now in these suits."

Complainants' counsel, therefore, refused to discuss the question of the mechanical feed-device Talk-o-phones and stated that
103 he presumed that the Court does not desire, without the benefit of a full discussion, to say, upon these motions, whether these so-called 'mechanical feed' machines are, or are not, mere attempted evasions of claims 5 and 35 of the patent in suit.

In view of the prior art and of Judge Hazel's finding, which also was the finding of the Circuit Court of Appeals in the prior suit, that the propelling of the stylus over the surface of the record without mechanical assistance and through the means of the groove alone was the primary object of the inventor, Berliner, the reason underlying the refusal of complainants' counsel to contend that mechanical feed-device machines were an infringement appears.

Upon the settlement of the order or decree for preliminary injunction herein by Judge Townsend, on May 2, 1906, complainants' counsel served a proposed order, a copy of which is hereto annexed, which order was not signed by Judge Townsend. The order signed by Judge Townsend on May 2, 1906, is the same as the order entered in the Circuit Court on October 27, 1906, upon the mandate of the Circuit Court of Appeals, as set forth in paragraph Seventh of the petition upon this motion.

I have read the foregoing affidavits of Edward F. Leeds, Louis H. Bunker, Loring L. Leeds and Leo Moeller, and the statements contained therein are, to the best of my knowledge, information and belief, true. On January 19, 1906, at 81 Franklin street, in New York City, as stated in the affidavit of Edward F. Leeds, Mr. Nye exhibited to Mr. Leeds and to me the machines mentioned by Mr. Leeds which reproduce sound from cylindrical records having vertical undulations without the aid of any mechanical feed-device, the record-groove alone causing the reproducing stylus to move across the face of the record. On November 2, 1905, at the Imperial Hotel in the City of New York, I saw the mechanical feed-device
104 Talk-o-phone in successful and perfect operation, and produced two such mechanical feed-device Talk-o-phones of perfect construction and operation on the argument for preliminary injunction in this suit before Judge Townsend.

I have advised the Leeds & Catlin Company and its officers, as set forth in the annexed affidavit of Edward F. Leeds. Such advice was given upon the basis of my knowledge of the matters litigated in the prior suit against the American Graphophone Company, and in this suit upon the motion for preliminary injunction and of the decisions of the Courts thereon, and further upon the basis of a very careful reading and consideration of the decided cases relating to the rights and duties of the defendant under the preliminary injunction. To my knowledge the defendant, the Leeds & Catlin Company, believes that no act has been committed by it or through it in violation or disregard of the said preliminary injunction and that it has a perfect right to manufacture, use and sell flat disc sound-records, provided said records are not used upon an infringing machine or sold for use upon an infringing machine.

There is now pending in this court a suit brought by these complainants against this defendant upon Patent No. 548,623, granted October 29, 1895, to Berliner for a sound-record and method of making the same. In a prior suit of these complainants against the American Graphophone Company, Judge Hazel found that said Berliner Patent No. 548,623 was not infringed and the complainants have taken an appeal to the Circuit Court of Appeals, which is No. 116 upon the present calendar of that court. This patent No. 548,623 is one mentioned in the agreement of December 8, 1903, between the Victor Talking Machine Company and the American Graphophone Company as a patent upon which the said Graphophone Company is to pay a royalty to the said Victor Company if any claim thereof is sustained relating to sound-records. The
105 said agreement of December 8, 1903, is already proved of record in this suit. In addition, there is a suit pending in this court by the American Graphophone against this defendant upon Patent No. 688,739, of December 10, 1901, to Jones. In a prior suit of said Graphophone Company against the Universal Talking Machine Company complainants' licensee, Judge Hazel held said Jones' patent to be invalid (145 Fed., 606 and 643).

Said Jones' patent is another one of the record patents mentioned in said agreement of December 8, 1903.

When Judge Townsend granted the motion for preliminary injunction herein and granted similar motion against deponent's client, the Talk-O-Phone Company, he stayed the injunctions pending appeal upon the filing of bonds by this defendant and by the Talk-O-Phone Company. As the appeals could not be argued before the summer vacation, complainants moved to increase the bonds. The motion in the Talk-O-Phone Company case was granted, as the Talk-O-Phone Company was engaged in the manufacture and sale of machines; but the motion against this defendant was denied because it was shown that this defendant was engaged solely in the manufacture and sale of sound-records, and had merely purchased and sold a few machines, never having manufactured the same.

LOUIS HICKS.

Subscribed and sworn to before me this 28th day of November, 1906.

[NOTARY'S SEAL.] FRANK Z. DEMAREST,
Notary Public, New York.

106 At a Stated Term of the Circuit Court of the United States for the Southern District of New York, held in the Court Room thereof, in the Post Office Building, in the Borough of Manhattan and City of New York, this — day of ——, 1906.

Present: Hon. —— ——, U. S. Circuit Judge.

In Equity. No. 8797.

Suit on Berliner Gramophone Patent, No. 534,543.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Decree for Preliminary Injunction.

And now, to wit, this — day ——, 1906, this cause having been heard upon motion of the complainants for preliminary injunction, and upon the affidavits and exhibits filed by the complainants in support thereof, and the defendant having filed affidavits and exhibits in opposition to said motion, and the motion having been argued by Horace Pettit, Esq., counsel for the complainants, and Louis Hicks, Esq., counsel for the defendant, and the Court having considered the same, it is ordered:

107 1. That a writ of preliminary injunction issue in this cause, restraining the defendant, the Leeds & Catlin Company, its associates, servants, clerks, agents and workmen, and each and every one of them, from manufacturing, using or selling, or in any way

disposing of, until further order of this Court sound reproducing apparatus or devices embodying the subject-matter of claim 35 of the Letters Patent in suit, which claim reads as follows, namely:

"35. In a sound reproducing apparatus consisting of a travelling "tablet having a sound-record formed thereon and a reproducing "stylus-shaped for engagement with said record and free to be "vibrated and propelled by the same, substantially as described,"

and from manufacturing, using or selling or in any way disposing of apparatus or devices which embody the method of claim 5 of said Letters Patent, which claim reads as follows, namely:

"5. The method of reproducing sounds from a record of the "same, which consists in vibrating a stylus and propelling the same "along the record by and in accordance with the said record, sub-"stantially as described,"

or which is intended to be operated in accordance with said method claim 5, and from using or employing in any way said method specified in said claim 5 of the Letters Patent in suit.

108 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,

vs.

LEEDS & CATLIN COMPANY, Defendant.

STATE AND COUNTY OF NEW YORK, *ss:*

Edward F. Leeds, being duly sworn, says: I am president of the Leeds & Catlin Company, and have heretofore made an affidavit upon this motion. I am informed by defendant's counsel that, upon the oral argument of this motion, complainants' counsel stated to the Court that at the time of the granting of the preliminary injunction herein this defendant was selling sound records to the Talk-O-Phone Company, which made infringing machines, and that after the issue of the preliminary injunction herein defendant continued doing the very thing which it has previously done. This charge was not made in the moving papers upon this motion, and there was, therefore, no occasion specifically to deny it. I am advised by defendant's counsel that the said statement of complainants' counsel was made with a purpose of prejudicing this defendant before the Court, and, as the statement is absolutely and unqualifiedly untrue, I desire so to state in this affidavit. The fact is that, for nearly a year prior to April 13, 1906, the date on which the motion for preliminary injunction herein was argued, the Leeds & Catlin Company
109 had not sold records of any kind to the Talk-O-Phone Company, and the Leeds & Catlin Company has sold no record

to the Talk-O-Phone Company at any time since the argument of the motion for preliminary injunction down to the present day. Therefore, at the time of the motion for preliminary injunction, and for a long time prior thereto, defendant was not, and had not been selling records for use on infringing machines put upon the market by the Talk-O-Phone Company. The records which defendant had sold to the Talk-O-Phone Company were "Gold Label Records." Defendant never sold to the Talk-O-Phone Company at any time the Imperial Record or any record which it has manufactured and sold since it ceased selling records to the Talk-O-Phone Company at the time aforesaid. Defendant has never sold its Imperial record to the maker and seller of an infringing machine, nor has it sold any record to the maker and seller of an infringing machine since it discontinued the selling of the Gold Label records to the Talk-O-Phone Company at the time aforesaid. All the records mentioned in the moving affidavits upon this motion are Imperial records. The infringement complained of upon the motion for preliminary injunction was the sale of a talking machine with records in November, 1903—over three years ago. Defendant had then taken a few talking machines from the Talk-O-Phone Company in part settlement of an account, and with the exception of those machines defendant has never bought, sold or dealt in talking machines of any kind, until in October, 1906, it began to buy, sell and manufacture mechanical feed-device machines. As already stated in my previous affidavit, defendant has not since the affirmance of the order for preliminary injunction herein sold any record to be used upon or to complete an infringing machine or in any way to be used in infringement of the claims in suit of the patent, and has done no act which, taken in connection with the act of another person not
110 acting under the authority of complainant, would constitute an infringing act. The statement of complainants' counsel, that defendant after the injunction has continued to supply records for use on infringing machines, is entirely and absolutely untrue.

EDWARD F. LEEDS.

Subscribed and sworn to before me this 4th day of December, 1906.

HARRY C. ADAMS,
[NOTARY'S SEAL.] *Notary Public, New York Co.*

(Endorsed:)—U. S. Circuit Court, Southern Dist. of New York.—Victor Talking Machine Co. and United States Gramophone Co., Complainants, against Leeds & Catlin Company, Defendant.—Defendant's Answer and Affidavits opposing Motion on Contempt.—Louis Hicks, Counsel for Defendants, 71 Nassau Street, New York, N. Y.—U. S. Circuit Court, Southern District New York.—Filed Nov. 28, 1906.—John A. Shields, Clerk.

Circuit Court of the United States, Southern District of New York.

VICTOR TALKING MACHINE COMPANY ET AL., Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

LACOMBE, *C. J.:*

Aside from any other questions arising upon this motion as
111 to disobedience of injunction order, I am entirely satisfied from the proofs that defendants, not only in the instances set forth in complainants' moving papers, but in very many other instances, have manufactured and sold the records of claim 35 with the intent that they should be used in combination with the other elements of that claim in machines other than "Mechanical feed." Indeed it is difficult to escape the conviction that the larger part of defendant's sales were contrived by them to enable the owners of reproducers purchased from complainant or its licensees to produce such musical pieces as such owners might desire to hear, through the co-operation in combination with such reproducers of records made by defendant instead of records made by complainant-. No effort to restrict the use to which defendant's discs should be put by notice on their face or otherwise was made until after motion, and the affidavits are not as satisfying as they might be that such notice has since been affixed; and such notice might fairly go further and advise the purchasers that to use it on one of complainants' machines would make the user an infringer. This seems to be a case of contributory infringement—an entirely voluntary and intentional one, not in any wise excused by the circumstance that complainant- had theretofore sold reproducers combined with other records to such owners (Am. Graph. Co. *v.* Leeds, 87 F. R., 873). Nor is the substitution of these new records, bought more frequently in order to increase the repertory of tunes than as substitutes for worn-out discs and wholly unlike the toilet paper in Morgan Envelope case (which was destroyed by a singe use), in any legitimate sense "repairs" (see Davis Electrical Works *v.* El. Light Co., 60 F. R., 276). Nor is the advice of counsel a sufficient excuse, although where it has been honestly relied upon a heavy penalty will not usually be imposed, but only a sum sufficient to reimburse the moving party and act as a deterrent from future infringing actions.

112 Defendant is found in contempt and fine imposed of $1,000, one half to United States, one-half to complainant-. Collection will be suspended pending appeal.

Jan. 5, 1907.

(Endorsed:)—Circuit Court of the United States, for the Southern District of New York.—Victor Talking Machine Co. *et al. vs.* Leeds & Catlin Company.—Opinion, Lacombe, *C. J.*—U. S. Circuit Court, Southern District New York.—Filed Jan. 5, 1907.—John A. Shields, Clerk.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Decree for Contempt.

And now, to wit, this 11th day of January, A. D. 1907, on the return of Rule to show cause herein why an attachment should not issue against the above named defendant, Leeds & Catlin Company, issued out of this Court on the 19th day of November, A. D. 1906, upon the affidavits filed in support of said order and the exhibits referred to therein, and the defendant having filed affidavits in opposition to said petition for attachment, and the complainant-
113 having appeared by *its* counsel, Horace Pettit, Esq., and the defendant having appeared by its counsel, Louis Hicks, Esq., and the question as to whether or not the attachment for contempt should issue against the above named defendant, having been argued on the 30th day of November, A. D. 1906, by counsel for the respective parties and it appearing to the Court, upon careful consideration of the matter, that the said defendant has violated said order and writ of injunction of this Court, in that defendant, after said order and writ of injunction, sold the records of claim 35 of the patent in suit, No. 534,543 of February 19, 1895, to Berliner, with the intent that said records should be used in combination with the other elements of that claim in machines (other than "mechanical feed" machines), sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5.

Now, therefore, it is ordered, adjudged and decreed that the said Leeds & Catlin Company is in contempt of court for having violated, as aforesaid, the writ of injunction which issued under the order of this Court on the 27th day of October, A. D. 1906, and which was served on defendant on the 29th day of October, A. D. 1906, and that a fine be and is hereby imposed upon the said Leeds & Catlin Company of one thousand dollars ($1,000), one-half to the United States and one-half to complainants, to be paid to the Clerk of this Court; and that upon the payment of said fine of said one thousand dollars ($1,000) to the Clerk of this Court said Clerk shall turn over and pay to the above-named complainants or *its* counsel the sum of five hundred dollars ($500), and to the United States the remaining sum of five hundred dollars ($500).

E. HENRY LACOMBE,
U. S. C. Judge.

(Endorsed:)—U. S. Circuit Court, Southern Dist. of New York. —Victor Talking Machine Co. *et al.*, **Complainants, against**
114 Leeds & Catlin Company, Defendant.—Order adjudging Defendant in Contempt.—Louis Hicks, Counsel for Defendant, 71 Nassau St., New York, N. Y.—U. S. Circuit Court, Southern District, New York.—Filed Jan. 11, 1907, John A. Shields, Clerk.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, **Defendant.**

Order Staying Collection of Fine.

An order having been signed and entered herein this 11th day of January, 1907, finding defendant in contempt for violation of the writ of injunction herein and fining the defendant in the sum of one thousand dollars ($1,000); now, on motion of Louis Hicks, solicitor for defendant, it is

Ordered, adjudged and decreed that the collection of said fine be, and the same hereby is, stayed pending appeal from said order on contempt; and that the defendant, the Leeds & Catlin Company, within fifteen days of the entry of this order, shall either file with the Clerk of this Court a good and sufficient bond, to be approved by said Clerk, or deposit with said Clerk the sum of one thousand
115 dollars ($1,000) in cash as security to secure the payment of said fine when due, otherwise the collection of said fine will not be suspended and shall be payable within twenty days of the entry of this order.

E. HENRY LACOMBE,
U. S. C. Judge.

(Endorsed:)—U. S. Circuit Court, Southern Dist. of New York. —Victor Talking Machine Co. *et al.*, Complainants, *vs.* Leeds & Catlin Company, Defendant.—Order Staying Collection of Fine.—Louis Hicks, Counsel for Defendant, 71 Nassau St., New York, N. Y.—U. S. Circuit Court, Southern District, New York.—Filed Jan. 11, 1907.—John A. Shields, Clerk.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Order Partially Staying Preliminary Injunction.

An order having been signed and entered herein on the 11th day of January, 1907, finding defendant in contempt for violation of the writ of injunction herein and fining the defendant in the sum of one thousand dollars ($1,000); and defendant having moved thereupon for an order staying, pending appeal from said order on contempt, the decree for preliminary injunction and preliminary injunction heretofore granted and issued herein in so far as the same have been construed by this Court on the motion for contempt to enjoin and restrain defendant from selling disc sound records for use in the United States upon machines sold by complainants and their licenses, together with disc sound records, and said motion having been argued by counsel before me on the 11th day of January, 1907, due deliberation having been had, now, upon motion of Louis Hicks, solicitor for defendant, and upon reading the affidavits filed in support of said motion, it is

Ordered, adjudged and decreed that defendant's said motion for said above mentioned stay be, and the same hereby is, granted; provided that the appeal from said order on contempt shall be promptly taken and diligently prosecuted; and provided also that defendant shall, within fifteen days from the filing of this order, file with the Clerk of this Court a bond in the sum of ten thousand dollars ($10,000), with sufficient surety, to be approved by the Clerk of this Court, as security to indemnify complainants for damages and profits due to infringement accruing during the period of said stay; and provided also that defendant shall, on the first day of each calendar month during the period of said stay and on the last day of said stay, file with the Clerk of this Court a statement sworn to by one of its officers showing the number of disc sound records sold by it during the month or part of the month preceding the day of the filing thereof.

E. HENRY LACOMBE,
U. S. C. Judge.

(Endorsed:)—U. S. Circuit Court, Southern Dist. of New York. —Victor Talking Machine Co. *et al.*, Complainants, against Leeds & Catlin Company, Defendant.—Order Partially Staying Injunction.—Louis Hicks, Counsel for Defendant, 71 Nassau Street, New York, N. Y.—U. S. Circuit Court, Southern District New York.—Filed Jan. 11, 1907.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797. On Patent No. 534,543.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Know all men by these presents:

That we, the Leeds & Catlin Company, of 53 East Eleventh street, in the Borough of Manhattan, City of New York, as principal and National Surety Company, having an office and place of business at No. 62 Liberty street, Borough of Manhattan, City of New York, as surety are held and firmly bound unto Victor Talking Machine Company and United States Gramophone Company and the United States in the sum of one thousand dollars ($1,000) lawful money of the United States of America, to the payment of which, well and truly to be made, the said principal and the said surety bind
118 themselves, their and each of their successors and assigns jointly and severally firmly by these presents.

Sealed with our seals and dated this 25th day of January, in the year one thousand nine hundred seven.

Whereas, on the 11th day of January, 1907, an order was made by the Honorable E. Henry Lacombe, one of the judges of the above named court, and filed in the United States Circuit Court for the Southern District of New York on said 11th day of January, 1907, in a proceeding entitled "Victor Talking Machine Company and United States Gramophone Company, complainants, against Leeds & Catlin Company, defendant, in equity No. 8797," staying the collection of a fine of one thousand dollars ($1,000) imposed upon said defendant by an order entered in said suit and filed in said court on the 11th day of January, 1907, until the hearing and determination, in due course, of an appeal taken by defendant from said order on contempt fining defendant in said sum of one thousand dollars ($1,000), as in said order provided, and

Whereas, as a condition upon which the collection of said fine was stayed, a bond was ordered to be filed in the sum of one thousand dollars ($1,000) at defendant's election,

Now, therefore, the condition of this obligation is such, that if the defendant in the said action, that is, Leeds & Catlin Company, failing to make the said appeal by writ of error good, shall pay to the Clerk of said Circuit Court of the United States for the Southern District of New York said sum of one thousand dollars ($1,000), pro-

vided in said order on contempt, then this obligation to be
119 void, otherwise, to remain in full force and virtue, the amount, however, not to exceed one thousand dollars ($1.000).

[Seal: Leeds & Catlin Company, incorporated 1899; New York.]

LEEDS & CATLIN COMPANY,
By E. F. LEEDS, *Pres.*

Attest:
HENRY LEEDS,
Ass't Secretary.

[Seal: National Surety Company, incorporated 1899; New York.]

NATIONAL SURETY COMPANY,
By JOEL RATHBONE,
4th Vice-President.

Attest:
JOHN HOLMES,
Res. Ass't Secretary.

STATE AND COUNTY OF NEW YORK, *ss:*

On this 26th day of January, 1907, before me personally came Edward F. Leeds, to me known, who being by me duly sworn, did depose and say: That he resides in the Borough of Brooklyn, County of Kings, City and State of New York; that he is the president of Leeds & Catlin Company, the corporation described in and which executed the above instrument or bond; that he knew the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors, and that he signed his name thereto by like order.

JOSEPH ISAACS,
[NOTARY'S SEAL.] *Notary Public (No. 6), New York Co.*

120 *Affidavit, Acknowledgment and Justification by Guarantee or Surety Company.*

STATE OF NEW YORK, *County of New York, ss:*

On this 25th day of January, one thousand nine hundred and seven, before me personally came Joel Rathbone, known to me to be the 4th Vice President of the National Surety Company, the corporation described in and which executed the within and foregoing bond of Victor Talking Machine Co. and ano. *vs.* Leeds & Catlin Co., as a surety thereon, and who, being by me duly sworn, did depose and say that he resides in the City of New York, State of New York; that he is the 4th Vice-President of said Company, and knows the corporate seal thereof; that the said National Surety Company, is duly and legally incorporated under the laws of the State of New York; that said Company has complied with the provisions of the

Act of Congress of August 13th 1894; that the seal affixed to the within Bond of Victor Talking Machine Co. and ano. *vs.* Leeds & Catlin Co. is the corporate seal of said Company, and was thereto affixed by order and authority of the Board of Directors of said Company; and that he signed his name thereto by like order and authority as 4th Vice-President, of said Company, and that he is acquainted with John Holmes, and knows him to be the Res. Ass't Secretary of said Company; and that the signature of said John Holmes subscribed to said Bond is in the genuine handwriting of said John Holmes, and was thereto subscribed by order and authority of said Board of Directors, and in the presence of said deponent; and that the assets of said Company, unencumbered, and liable to executions exceed its debt and liabilities of every nature whatsoever, by more than the sum of one million ($1,000,000.00) dollars.

121 That —— —— is our agent to acknowledge service in the Judicial District wherein this Bond is given.

JOEL RATHBONE.

Sworn to, acknowledged before me, and subscribed in my presence this 25th day of January, 1907.

PHILIP B. INGRAHAM,
Notary Public for the County of N. Y. (No. 13).

Certificate filed in Kings, Westchester, Richmond and Queens Counties.

(Endorsed:)—U. S. Circuit Court, Southern District of New York.—Victor Talking Machine Co. and United States Gramophone Co. Complainants, against Leeds & Catlin Company, Defendant.—Bond staying collection of fine.—Louis Hicks, Solicitor for Defendant, 71 Nassau St. New York, N. Y.—Approved as to form and also as to sufficiency of sureties, with reservation, however, to the complainants of the right at any time to examine the proper officers of the Surety Company, under oath, touching its assets, liabilities and financial condition generally.—John A. Shields, Clerk U. S. Circuit Court, Southern District of New York.—U. S. Circuit Court, Southern District of New York.—Filed Jan. 26, 1907.—John A. Shields, Clerk.

122 Circuit Court of the United States, Southern District of New York. In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainant,

vs.

LEEDS & CATLIN COMPANY, Defendant.

Stipulation.

For the purpose of the appeal by writ of error from the judgment or decree on contempt, entered January 11, 1907, in the above entitled suit, it is stipulated as follows:

First. That the record and proceedings had in this Court in the above entitled cause, on the motion for preliminary injunction herein, having heretofore been certified by the Clerk of this Court to the United States Circuit Court of Appeals for the Second Circuit, under date of June 15, 1906, said record and proceedings need not be again certified to the said United States Circuit Court of Appeals for the Second Circuit, under the writ of error from said decree on contempt, but the transcript and the printed copies thereof, heretofore sent from this Court to said Circuit Court of Appeals, may be used as part of the record and proceedings to be certified and transmitted to said Circuit Court of Appeals under said writ of error, with the same force and effect as if again certified with the record and proceedings under said writ of error.

Third. Complainants' Exhibits, Bennett-Leeds & Catlin Company Catalogues, Nos. 1, 2, 3, 4 and 5, need not be certified as part
123 of the transcript of the record and proceedings under said writ of error, but either party may produce, use and refer to the original catalogues constituting complainants' said exhibits upon the argument in the Circuit Court of Appeals with the same force and effect as if the same were included in the transcript under said writ of error.

Dated January 25, 1907.

HORACE PETTIT,
Solicitor for Complainants.
LOUIS HICKS,
Solicitor for Defendant.

Filed January 26, 1907.

Circuit Court of the United States, Southern District of New York.
In Equity.

No. 8797.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Assignment of Errors.

To the Honorable the Judges of the Circuit Court of the United States for the Second Circuit, in and for the Southern District of New York:

And now comes the above named defendant, Leeds & Catlin Company, plaintiff in error, by its solicitor, with its petition for
124 writ of error from the judgment or decree on contempt entered in this cause January 11, 1907, and designated in the said petition for writ of error, and makes and files the following assignment of errors:

The Circuit Court erred in the following particulars:

1. In holding that defendant violated the order and writ of injunction herein, in that defendant, after said order and writ of injunction, sold the records of claim 35 of the patent in suit No. 534,543 of February 19, 1895, to Berliner, with the intent that said records should be used in combination with the other elements of that claim in machines—other than "mechanical feed" machines—sold by complainants or their licensees combined with such records for use in carrying out the method of claim 5 of said patent.

2. In holding that the order and writ of injunction herein enjoined and restrained defendant in any way from selling the record forming an element of the combination of claim 35 of the patent in suit.

3. In not holding that defendant, notwithstanding the order and writ of injunction herein, was at liberty to sell the record of claim 35 of the patent in suit for use in combination with the other elements of that claim in machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees.

4. In holding that the intent with which defendant sold records was a violation of the order and writ of injunction herein without proof that any record sold by defendant was used by the purchaser in infringement of claim 35 of the patent in suit.

5. In holding that the intent with which defendant sold records was a violation of the order and writ of injunction herein without proof that any record sold by defendant was used by the pur-
125 chaser in infringement of claim 5 of the patent in suit.

6. In holding that the intent with which defendant sold records was a violation of the order and writ of injunction herein

without proof that defendant knew or was informed that the purchaser intended to use a record purchased in infringement of claim 5 or claim 35 of the patent in suit.

7. In holding that the selling of records by defendant to be used by the purchaser to replace a record purchased by him, from complainants or their licensees, together with a machine, embodying in combination the invention of claims 5 and 35 of the patent in suit, was a violation of the order and writ of injunction herein.

8. In not holding that, under the order and writ of injunction herein, defendant was at liberty to sell records to purchasers, from complainants or their licensees, of machines and records, embodying in combination the invention of claims 5 and 35 of the patent in suit, to enable such purchaser to repair the combination of such machine and record when the record should be worn by use or broken.

9. In holding that the question of defendant's right to sell records for use on machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees, had been adjudicated by the Court against defendant on the motion for or by the order and writ of injunction herein.

10. In not holding that the question of defendant's right to sell records for use on machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees, was a new and doubtful question which was raised for the first time upon the motion to punish defendant for contempt, and which
126 should not be passed upon in any such proceeding as a proceeding to punish for contempt.

11. In not holding that the records sold by defendant were adapted for a useful purpose other than for use upon machines embodying the invention of claims 5 and 35 of the patent in suit, and that defendant was, therefore, at liberty to sell such records on the open market.

12. In holding that defendant sold records with the intent that the same should be used in combination with the other elements of claim 35 of the patent in suit on machines sold by complainants or their licensees.

13. In not holding that the purchaser, from complainants or their licensees, of a machine and record embodying in combination the invention of claims 5 and 35 of the patent in suit, had a legal right to improve upon the said combination as he saw fit, and that defendant had a right to sell records to such purchaser to enable him to accomplish such purpose.

14. In holding that defendant by the sale of records contributed to infringement of claims 5 and 35 of the patent in suit, and thereby violated the order and writ of injunction.

15. In not holding that the record is a perishable, temporary element of the combination forming the machine embodying the invention of claims 5 and 35 of the patent in suit, which must be, and is intended to be, frequently replaced, and that defendant had the right to sell such records to the purchasers of such combination from complainants or their licensees to enable them frequently to

replace such perishable, temporary records or parts of the combination.

127 16. In not holding that complainants and their licensees sold the combination embodying the invention of claims 5 and 35 of the patent in suit to purchasers without restriction as to the records to be used to replace those purchased, and that defendant, by reason thereof, had the right to sell records to such purchasers for use in replacing records so purchased with machines from complainants and their licensees.

17. In not holding that defendant's records were articles of commerce which defendant could legally sell for export to foreign countries, for use in the United States on mechanical feed-device machines and for other lawful purposes, and that the sale of records by defendant on the open market was, therefore, a lawful act and not a violation of the order or writ of injunction herein.

18. In holding that the question of contributory infringement was involved in the sale by defendant of its records, the Court not finding that defendant sold a record to any person who constructed the other elements of claim 35 of the patent in suit for use with such record or to any person who used such other elements, except persons who had purchased the same, together with records, from complainants or their licensees.

19. In holding that defendant sold records with an intent to contribute to the infringing act of another and in violation of the order and writ of injunction herein.

20. In construing claims 5 and 35 of the patent in suit and the order and writ of injunction herein so as to give to complainants a monopoly of the unpatented record forming part of the combination of claim 35.

21. In not holding that when complainants or their
128 licensees sold the combination of claim 35 of the patent in suit, said combination passed out of the monopoly of the patent and the purchaser thereof had the right to repair, improve upon and use the same as if dealing with property of any other kind, and, therefore, the right to purchase from defendant records to replace the records of the purchased combination.

22. In not holding that complainants and their licensees, by the selling of the elements, other than the record, of claim 35 of the patent in suit, impliedly licensed the purchaser thereof to combine a suitable record with such purchased elements, and for that purpose to purchase such a record from persons other than complainants or their licensees.

23. In holding that the substitution of a new record for a record of the combination of claim 35 of the patent in suit is not a repair of the combination.

24. In holding that the substitution of a new record for a record of the combination of claim 35 of the patent in suit is not an improvement of the combination.

25. In holding that a purchaser, from complainants or their licensees, of the combination of claim 35 of the patent in suit, had not the right to purchase from another than complainants or their

licensees, a new record to substitute in the said combination the new record for the old record thereof in order to increase his repertory of tunes, and that defendant had not the right to sell a record to such purchaser for such purpose.

26. In holding that because a purchaser, from complainants or their licensees, of the combination of claim 35 of the patent in suit, may frequently purchase a new record to increase his repertory of tunes, he has not the right to purchase, from another than
129 complainants or their licensees, a new record in order to repair or improve the said combination.

27. In adjudging defendant in contempt of the order and writ of injunction herein.

28. In adjudging that defendant had disobeyed the order and writ of injunction herein.

29. In adjudging that defendant be fined in any sum.

Dated January 26, 1907.

LOUIS HICKS,
Solicitor for Defendant and Plaintiff in Error.

Filed, January 26, 1907.

National Surety Company.

Circuit Court of the United States of America for the Southern District of New York in the Second Circuit.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Complainants,
vs.
LEEDS & CATLIN COMPANY, Defendant.

Bond for Damages and Costs.

Know all men by these presents, That the National Surety
130 Company, having an office and principal place of business at No. 346 Broadway, in the City of New York, County and State of New York, is held and firmly bound unto the above named Victor Talking Machine Company and United States Gramophone Company, in the sum of two hundred and fifty ($250) dollars, to be paid to the said Victor Talking Machine Company and United States Gramophone Company, for the payment of which well and truly to be made, it binds itself, its successors and assigns, jointly and severally, firmly by these presents. Sealed with its seal, and dated the 24th day of January, in the year of our Lord one thousand nine hundred and seven.

Whereas, the above named Leeds & Catlin Company has prosecuted a writ of error to the United States Circuit Court of Appeals for the Second Circuit, to reverse the judgment or decree rendered in the above entitled suit by the Judge of the Circuit Court of the United States for the Southern District of New York.

Now, therefore, the condition of this obligation is such, that if the above named Leeds & Catlin Company shall prosecute its writ of error to effect, and answer all damages and costs if it fail to make his plea good, then this obligation shall be void, otherwise the same shall be and remain in full force and virtue.

NATIONAL SURETY COMPANY,
By JOEL RATHBONE,
Resident Vice-President.

Attest:
JOHN HOLMES, *Secretary.*

Sealed and delivered, and taken and acknowledged this 24th day of January, 1907, before me.

PHILIP B. INGRAHAM.

131 *Copy of By-Law.*

Be it remembered, that at a regular meeting of the Board of Directors of the National Surety Company, duly called and held on the 6th day of February, 1900, a quorum being present, the following By-Law was adopted:

"ARTICLE XIII, SEC. 1. All bonds, recognizances, contracts of "indemnity and other writings obligatory in the nature thereof shall "be signed by the President, the Vice-President, the Second Vice-"President, a Resident Vice-President, or an attorney in fact, and, "except when signed by an attorney in fact, shall have the seal of "the Company affixed thereto, duly attested by the Secretary, As-"sistant Secretary or a Resident Assistant Secretary. The Vice-"President, Second Vice-President and Resident Vice-President shall "each have authority to sign such instruments whether the Presi-"dent be absent or incapacit-ed or not; and the Assistant Secretary "and Resident Assistant Secretaries shall each have authority to "seal and attest such instruments, whether the Secretary be absent or "incapacitated or not. All such instruments executed as herein pro-"vided shall be as binding upon the Company as if the same were "signed by the President, duly sealed and attested by the Secretary."

CITY AND COUNTY OF NEW YORK, *ss:*

I, John Holmes, Res.-Asst. Secretary of the National Surety Company have compared the foregoing By-Law with the original thereof, as recorded in the Minute Book of said Company, and do certify that the same is a correct and true transcript therefrom and of the whole of said original By Law.

Given under my hand and the seal of the Company, at the City of New York, this 24th day of January, 1907.

JOHN HOLMES,
Res.-Ass't Secretary.

132 CITY AND COUNTY OF NEW YORK, *ss:*

On this 24th day of January, 1907, before me personally appeared Joel Rathbone, Res.-Vice-President of the National Surety Company, with whom I am personally acquainted, who, being by me duly sworn, said that he resided in the City of New York, that he is the Res.-Vice-President of the National Surety Company, the corporation described in and which executed the within instrument; that he knows the corporate seal of said Company; that the seal affixed to the within instrument is such corporate seal; that it was affixed by order of the Board of Directors of said Company; and that he signed said instrument as Res.-Vice-President of said Company by like authority; and that the liabilities of said Company do not exceed its assets, as ascertained in the manner provided in Section 3, Chapter 720 of New York Session Laws of 1893. And the said Joel Rathbone further said that he is acquainted with John Holmes, and knows him to be the Res.-Asst. Secretary of said Company; that the signature of the said John Holmes subscribed to the said instrument is in the genuine handwriting of the said John Holmes, and was thereto subscribed by the like order of the said Board of Directors and in the presence of him, the said Joel Rathbone, Res.-Vice-President.

PHILIP B. INGRAHAM,
Notary Public (No. 13) for the County of N. Y.

Certificate filed in Kings, Westchester, Richmond and Queens Counties.

(Endor-ed:) United States Circuit Court, Southern Dist. of N. Y. —Victor Talking Machine Company and United States Gramophone Company, Complainants, *vs.* Leeds & Catlin Company, Defendant.—Bond for Damages and Costs.—Louis Hicks, Solicitor for Defendant, 71 Nassau St., New York, N. Y.—Approved as to form and also as to sufficiency of sureties, with reservation, however, to the Complainants of the right at any time to examine the proper officers
133 of the Surety Company, under oath, touching its assets, liabilities and financial condition generally.—E. H. Lacombe, U. S. Circuit Judge.—U. S. Circuit Court, Southern District New York.—Filed Jan. 28, 1907.—John A. Shields, Clerk.

Citation on Writ of Error.

The President of the United States of America to the Victor Talking Machine Company and United States Gramophone Company, Greeting:

You, and each of you, are hereby cited and admonished to be and appear before a United States Circuit Court of Appeals for the Second Circuit, to be held in the Post Office Building in the City of New York, on the 3d day of February, 1907, pursuant to a writ of error filed in the office of the Clerk of the Circuit Court of the United States for the Southern District of New York, wherein Leeds &

Catlin Company is plaintiff in error, and you are defendants in error, and show cause, if any there be, why the judgment or decree in said writ of error mentioned should not be reversed or corrected and speedy justice should not be done in that behalf.

Witness, the Honorable E. Henry Lacombe, United States Circuit Judge for the Southern District of New York, this 26th day of January, 1907.

E. H. LACOMBE,
U. S. Circuit Judge.

Service of a copy of the above citation on this 31st day of January, 1907, is hereby admitted.

STIMSON & WILLIAMS,
Solicitors for Complainants.

(Endorsed:) U. S. Circuit Court, Southern Dist. of New York.—Victor Talking Machine Co. and United States Gramophone Co., Complainants, against Leeds & Catlin Company, Defendant.—(Original.)—Citation on Writ of Error.—Louis Hicks, Solicitor for Defendant, 71 Nassau Street, New York, N. Y.—U. S. Circuit Court, Southern District New York.—Filed Jan. 31, 1907.—John A. Shields, Clerk.

134 At a stated term of the United States Circuit Court of Appeals, held in the Court Room in the Post Office Building in the City of New York, on the 11th day of March, 1907.

Present: Hon. Wm. J. Wallace, Hon. Alfred C. Coxe, Hon. Wm. K. Townsend, Circuit Judges.

LEEDS & CATLIN COMPANY, Plaintiff in Error,
vs.
VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Defendants in Error.

Order as to Printing of Record.

Upon reading and filing the annexed stipulation of counsel for plaintiff-in-error and defendants-in-error, and upon motion of Louis Hicks, counsel for plaintiff-in-error, it is

Ordered that the record and proceedings on the motion for preliminary injunction herein, heretofore certified by the Clerk of the Circuit Court to this Court and printed for hearing upon the appeal from the order for preliminary injunction, need not again be printed, but the printed copies heretofore made may be used upon the hearing of the writ of error herein from the judgment or decree on contempt entered January 11, 1907, in this suit in the Circuit Court.

So ordered

WM. K. TOWNSEND,
U. S. C. J.

135 United States Circuit Court of Appeals, for the Second Circuit.

LEEDS & CATLIN COMPANY, Plaintiff in Error,
vs.
VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Defendants in Error.

Stipulation.

Counsel for plaintiff and defendants-in-error, as appears from page 122 of the printed record on the writ of error herein, made the following stipulation:—

"First. That the record and proceedings had in this Court in the above entitled cause, on the motion for preliminary injunction herein, having heretofore been certified by the Clerk of this Court to the United States Circuit Court of Appeals for the Second Circuit, under date of June 15, 1906, said record and proceedings need not be again certified to the said United States Circuit Court of Appeals for the Second Circuit, under the writ of error from said decree on contempt, but the transcript and the printed copies thereof, heretofore sent from this Court to said Circuit Court of Appeals, may be used as part of the record and proceedings to be certified and transmitted to said Circuit Court of Appeals under said writ of error, with the same force and effect as if again certified with the record and proceedings under said writ of error."

It is hereby stipulated and agreed that the annexed order may be entered without further notice.

Dated March 7, 1907.

LOUIS HICKS,
Counsel for Plaintiff in Error.
HORACE PETTIT,
Counsel for Defendants in Error.

(Endorsed: U. S. Circuit Court of Appeals for the Second Circuit. Leeds & Catlin Company, plaintiff in error, against Victor Talking Machine Co. and United States Gramophone Co., defendants in error. Original. Order as to printing of record. Louis Hicks, counsel for Pl'ff in error, 71 Nassau Street, New York, N. Y. United States Circuit Court of Appeals. Second Circuit. Filed Mar. 11, 1907, William Parkin, Clerk.)

136 United States Circuit Court of Appeals for the Second Circuit.

Before Wallace and Coxe, Circuit Judges, and Hough, District Judge.

Argued April 7, 1907.

THE LEEDS & CATLIN COMPANY, Plaintiff in Error,
vs.
THE VICTOR TALKING MACHINE COMPANY and THE UNITED STATES GRAMAPHONE COMPANY, Defendants in Error.

On Writ of Error to the Circuit Court of the United States for the Southern District of New York.

Louis Hicks, Esq., for plaintiff in error (def't below); Horace Pettitt, Esq., for defendants in error.

HOUGH, *D. J.:*

Defendants in error having brought suit against the plaintiff in error alleging infringement of the Berliner gramaphone patent (No. 534,543), procured an injunction restraining the manufacture, use or sale of sound reproducing apparatus or devices embodying the subject matter specified in claims 5 and 35 of said Patent, and also the use or employment in any way of the method set forth in Claim 5 thereof (reported 146 Fed. Rep., 534, affirmed by this Court 148 Fed. Rep., 1022). The claims protected by such adjudications are

"a sound reproducing apparatus consisting of (1) a travelling tablet having a sound record formed thereon and (2) a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described." (No. 35.)

and the

"*method* of reproducing sounds from a record of the same"

consisting in

137 "(1) vibrating a stylus and (2) propelling the same along the record by and in accordance with the said record substantially as described." (No. 5)

(the "record" being identical with the "travelling tablet" above mentioned).

In other words the invention under consideration is the Victor Talking Machine, and the feature thereof here important is that its reproduction of sound depends upon the record groove cut in the travelling tablet (or disc record) *compelling* the movement of the stylus across the face of the record by the horizontal revolution of the record itself.

The reproducer of which the stylus is an integral part is covered by claims of the Berliner patent not now in question: but of the

combination protected by Claims 5 and 35 thereof the stylus alone (or rather the machine of which it forms a part) is itself patented, while the traveling tablet,—sound record or disc record, is an unpatented article.

The Leeds & Catlin Company is a manufacturer of disc records, and since the decision of this Court above referred to asserts that it has become a dealer in another talking machine known as the "feed-device machine," which for the purposes of this cause may be regarded as not infringing any of the rights of the Victor Company under the Berliner patent. The Leeds & Catlin disc records are equally suitable for the feed-device machine and for that of the defendant in error.

Plaintiff in error was found to have sold disc records forming an essential part of the sound reproducing apparatus and devices covered by the above mentioned claims of the Berliner patent, and was fined for such violation of injunction. This writ of error is to review the order imposing said fine.

138 On ample evidence the Court below found: that most of the sales of Leeds & Catlin records were knowingly made by the plaintiff in error to enable the owners of Victor Talking Machines to reproduce such musical pieces as they wished, by the combination of the Leeds & Catlin record with said machines; that the Leeds & Catlin Company made no effort to restrict the use to which their records might be put until after motion to punish for contempt had been made; that the only effort at such restriction ever made was to insert upon the face of the records a notice to the effect that such record was intended and sold for use with the "feed-device machine;" that the records sold by plaintiff in error were far more frequently bought to increase the repertoire of the purchaser's Victor machine than to replace worn-out or broken records.

In our opinion it is also established by the evidence that the "feed device machine" above referred to, was not at or before the time of beginning this proceeding a practically or commercially known reproducer of musical or spoken sound, whereas the Victor machine, embodying the claims of the Berliner patent here under consideration, was at such times widely known and generally used, and that the plaintiff in error knew, and sold its records with the knowledge, that if its output was to be used at all by the public, it would be used with the Victor machine, and in the combination protected by the claims of the Berliner patent above referred to.

Upon these facts it is clear that the Leeds & Catlin Company have made and sold a single element of the claims of the Berliner patent, with the intent that it should be united to the other element and complete the combination;—and this is infringement

139 (Heaton Peninsular etc. Co. *vs.* Eureka Specialty Co., 77 F. R., at 297; adopted by this Court, Cortelyou *vs.* Lowe, 111 F. R., 1005).

The facts above recited are scarcely controverted, nor is it denied that the above inference should ordinarily be drawn; but plaintiff in error seeks to avoid that result by asserting that the records under

consideration are but temporary, perishable and unpatented parts of the patented combination; and therefore under Morgan Envelope Co., *vs.* Albany Paper Co., 152 U. S., 425, free to be manufactured and sold by anyone.

This contention is not supported by the evidence. Disc records are fragile, *i. e.*, brittle and easily broken; but they are not perishable, *i. e.*, subject to decay by their inherent qualities, or consumed by few uses or a single one. Neither are they temporary, *i. e.*, not intended to endure; on the contrary we find them capable of remaining useful for an indefinite period, and believe that they usually last as long as does the vogue of the sounds they record.

A rifle bullet, lost by a single discharge, is a perishable and temporary part of the combination of rifle and ammunition; and probably a cartridge shell, though capable of re-loading and use several times, may also be so regarded; but the missle of a toy gun, picked up and used again and again in its original form, is in no proper sense of the words either perishable or temporary, though it may by repeated use wear out sooner than does the gun with which it is repeatedly combined.

Again it is urged inasmuch as disc records are unpatented articles of commerce, which may be used upon the feed-device machine or lawfully exported to foreign countries, that no infringement can be alleged against the maker and seller thereof, because his
140 product may be or is in fact used by purchasers as one element of a patented combination. This argument disregards the facts established herein. It is true that the doctrine of contributory infringement has never been applied to a case where the thing contributed is one of general use, or suitable to a variety of other uses; especially where there is no definite purpose that the thing sold shall be employed with others to infringe a patent (Rumford Chemical Works *vs.* Hygienic Chemical Co., 148 F. R., at 866, and cases cited). But this plaintiff in error is shown to have manufactured and sold records for the express purpose of supplying the users of Victor machines; nor are such records staple articles of commerce (Cortelyou *vs.* Johnson, 145 F. R., at 935); on the contrary they cannot be practically used within the United States except with the Victor reproducer; for we regard the feed-device machine either as a curiosity or a pretence,—while the foreign trade of the plaintiff in error is not interfered with by the injunction, nor affected by the order under review.

It is further contended that those who purchase the patented combination in question without restriction, have lawful right to provide themselves with unpatented records made by any person whatever,—by way of replacement and repair. We perceive no substantial difference in the meaning of these words. To return to use something injured or lost, or to substitute for something defaced or destroyed another thing substantially identical, is to repair. The right of general repairing has not been questioned; but what plaintiff in error has done is not to mend or better broken or other records,

nor even to furnish new records identical with those originally offered by the Victor Company:—but to place upon
141 new discs such other sound records as are thought to command a market, and to induce users of the patented machine not to replace, but to increase their stock of recorded words and music.

The right of repair is measured by the right of the owner of the patented article, and such owner when doing what is above outlined is no more repairing his machine than is one repairing a stereopticon,—by changing the pictures therein to suit the whim of the person gazing through it.

The final contention against the order below, admits that the record actuating the stylus is a vital part of the combination claims of the patent in question; but declares that any purchaser of the patented article may immediately *substitute* for even an essential element therein, any other element which he conceives better suited to his purpose; and of course if this be true such preferred elements may be freely manufactured and sold.

We think this contention disposed of by Thompson-Houston, etc., Co., *vs.* Kelsey, etc., Co. 75 F. R., 1005; for the right of substitution there recognized was specifically restricted so as to refuse "authority to reconstruct or rebuild a combination which has been sold by the complainant;"—and whenever a Leeds & Catlin record is placed in a Victor machine the patented combination is instantly reconstructed.

The right of substitution rests upon the right to improve, pointed out by Clifford, J., in Chaffee *vs.* Belting Co., 22 How., at p. 223, and is different from the right to repair. But there is here no true substitution, and improvement is scarcely pretended. From
142 a legal standpoint the discs of both parties are identical, because the grooving capable of actuating the reproducer is the same; what is substituted is but music or words, and what is improved either price or novelty in sound. These are but accidents, and no more important than the color of the disc. The true inquiry is whether the owner of a patented combination, the elements of which are durable, unbroken, and in good repair, may buy from the patentee one specimen of a single element,—from an outsider an indefinite number of identical specimens of the same element, and keep and use them all, under cover of the word "substitution;" it further appearing that the element so procured and used is useful and commercially known only in respect of the said combination.

We think this cannot lawfully be done, and affirm the order below.

143 (Endorsed:) United States Circuit Court of Appeals, Second Circuit. The Leeds & Catlin Company *vs.* The Victor Talking Machine Company and others. Opinion. Hough, D. J. United States Circuit Court of Appeals, Second Circuit. Filed May 2, 1907. William Parkin, Clerk.

144 United States Circuit Court of Appeals, Second Circuit.

LEEDS & CATLIN COMPANY, Plaintiff in Error,
vs.
VICTOR TALKING MACHINE COMPANY ET AL., Defendants in Error.

WALLACE, *Circuit Judge* (dissenting):

In considering the question of infringement, claim 5 may be laid out in view, as it covers merely the function of the machine or combination of claim 35. It is more than doubtful whether the claim is not void upon its face, but assuming it to be valid, as must be done for present purposes, it is not infringed except by using the combination or machine of claim 35. A sound record is one of the parts enumerated in claim 35. It is however only a subsidiary part of the machine. Its relation to the machine proper is analogous to that of the sheet of paper in a typewriting machine or the stalks of corn in a corn-cutter. It is the thing which is to be operated on by the machine proper. The invention of the claim consisted in substituting a universal joint, or swinging arm, in lieu of a feed screw device, and thereby producing a new form of reproducing stylus for engaging with the record; and everything else in the machine was old. This clearly appears by the opinion in the suit in which the validity of the patent was established. Victor Talking Machine Co. *vs.* American Grapgophone Co., (140 F. R., 860).

It is not questioned and cannot be, that the plaintiffs in error were at complete liberty to make and sell such sound records
145 as they did, provided they did not sell them to purchasers who had no right to use them in combination with the other devices enumerated in claim 35. They have been adjudged guilty of contempt because they have sold them, or threatened to sell them, to users of the so-called "Victor" machine which embodies the combination, and who purchased their machines from the Victor Talking Machine Company, the owner of the patent. If these purchasers were at liberty to remove a sound record which originally accompanied the machine, and substitute for it a sound record sold by the plaintiffs in error, they were not infringers; and plainly the plaintiffs in error could not be infringers by assisting the purchasers to do that which they had a right to do. The real question in the case therefore is whether the purchasers of the Victor machines infringe the patent by using in their machine the sound records manufactured by the plaintiffs in error.

The purchaser of a patented machine from the owner of the patent acquires the right to do what he may choose with the particular machine, or any of its parts, as freely as he could if it, or none of its parts, had never been patented. Undoubtedly he cannot, after his machine has practically ceased to exist for any useful purpose, reconstruct it by reparation, nor can he then reconstruct it by disorganizing it and substituting as new parts the dominating and vital features of the patented invention. But no question of this kind is

involved in the present controversy. The only question is whether he can discard a part he does not care to use and substitute another. When such a part is not the fundamental invention in the patented machine, I cannot doubt he is at liberty to do so. This was so decided by this court in the "trolley stand" case (Thompson Houston Co. *vs.* Kelsey Co., 75 F. R., 1005), and is not an open ques-
146 tion in this court, unless it is proposed to reconsider and overrule that decision. He is not under any implied promise to maintain the machine as an entity and may do whatever he chooses with any of its parts, as fully as if there had not been a patent.

Let us consider from a practical standpoint what any other rule would lead to in a case like the present. The purchaser here has bought with his machine a sound-record, or half a dozen sound-records, each having the necessary grooves cut in it to enable him to reproduce for his own pleasure a particular piece of music. The record is a fragile thing which is to be inserted into the machine by the user, and must be adjusted accurately to the vibratory parts, and is to be removed when he wants to reproduce a different piece of music. Any slip of the hand will destroy it. Not only is this so, but its sound producing qualities are lost by the contact of the needle which is vibrated in its grooves long before the machine proper is worn out, and generally early in its normal life. Whenever either of these things happens, a machine, which costs at least seventeen dollars, is disabled unless a record like one which has been sold with it at the price of 35 cents, and which anybody and everybody has a right to make, may be replaced in the machine in lieu of the useless one. If the owner of the patent stops manufacturing records, or no longer has in the market a record grooved like the one which has been destroyed, what is the purchaser to do if he has not the right to replace a record without the permission of the patent owner? The purchasers of the Victor machine cannot require the Victor Talking Machine Company to supply them with records, and can only procure them from it on such terms as it pleases to exact. If they are not at liberty to procure them elsewhere, the company can dictate how long they are to enjoy the use of
147 their machines.

Such a rule of infringement as is adopted by the majority opinion, not only extends the monopoly of the patent owner to an unprecedented extent, but is subversive of the right of a purchaser of the patented thing to realize its fair measure of usefulness by making necessary reparations or changes by way of improvement.

148 Endorsed: United States Circuit Court of Appeals, Second Circuit. Leeds & Catlin Company, Plaintiff in Error, *vs.* Victor Talking Machine Company *et al.* Defendant in Error. Opinion (Dissenting) Wallace, C. J. United States Circuit Court of Appeals, Second Circuit. Filed May 2, 1907. William Parkin, Clerk.

149 At a Stated Term of the United States Circuit Court of Appeals, in and for the Second Circuit, held at the Court Rooms in the Post Office Building in the City of New York, on the 8th day of May, one thousand nine hundred and seven.

Present: Hon. William J. Wallace, Hon. Alfred C. Coxe, Circuit Judges; Hon. Charles M. Hough, District Judge.

LEEDS & CATLIN COMPANY, Plaintiff in Error,
against
VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Defendants in Error.

Order of Affirmance.

This cause came on to be heard on the transcript of record from the Circuit Court of the United States, for the Southern District of New York, and was argued by counsel.

On consideration whereof, it is now hereby ordered, adjudged and decreed that the judgment or decree for contempt of said Circuit Court filed Jan. 11, 1907 be and it hereby is affirmed with costs, and

It is further ordered that a Mandate issue to the said Circuit Court in accordance with this decree.

A. C. C.

150 Please take notice that an order of which the within is a copy, will be presented for settlement to U. S. Circuit Court of Appeals on the 8th day of May, 1907, at 10 o'clock in the forenoon, at the —— Court House in the City of New York.

Dated New York, May 6, 1907.

LOUIS HICKS,
Solicitor for Pl'ff in Error.
71 *Nassau Street, New York, N. Y.*

To Stimson & Williams Esqs., Solicitors for def'ts in error, 55 Liberty Street, New York, N. Y.

Endorsed: U. S. Circuit Court of Appeals For the Second Circuit. Leeds & Catlin Company, Plaintiff-in-error, against Victor Talking Machine Co. and United States Gramophone Co. Defendants-in-error. Order of Affirmance and Notice of Settlement. Louis Hicks, Solicitor for Pl'ff in error. 71 Nassau Street, New York, N. Y. Service of a copy of within proposed order and notice on this 6th day of May, 1907, is hereby admitted. Stimson & Williams, Solicitors for Def'ts in error. To —— Esq., for —— Street, New York, N. Y. United States Circuit Court of Appeals, Second Circuit. Filed May 8, 1907. William Parkin, Clerk.

151 UNITED STATES OF AMERICA,
Southern District of New York, ss:

I, William Parkin, Clerk of the United States Circuit Court of Appeals for the Second Circuit, do hereby Certify that the foregoing pages, numbered from 1 to 544, A, and 1 to 150, B, inclusive, contain a true and complete transcript of the record and proceedings had in said Court, in the case of Leeds & Catlin Company Plaintiff in Error *against* Victor Talking Machine Company and another, Defendants in Error, as the same remain of record and on file in my office.

In Testimony Whereof, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, in the Second Circuit, this 8th day of May in the year of our Lord One Thousand Nine Hundred and Seven and of the Independence of the said United States the One Hundred and thirty-first.

[Seal United States Circuit Court of Appeals, Second Circuit.]

WM. PARKIN, *Clerk.*

152 UNITED STATES OF AMERICA, *ss:*

[Seal of the Supreme Court of the United States.]

The President of the United States of America to the Honorable the Judges of the United States Circuit Court of Appeals for the Second Circuit, Greeting:

Being informed that there is now pending before you a suit in which The Leeds & Catlin Company is plaintiff in error, and The Victor Talking Machine Company and The United States Gramophone Company are defendants in error, which suit was removed into the said Circuit Court of Appeals by virtue of a writ of error to the Circuit Court of the United States for the Southern District of New York, and we, being willing for certain reasons that the said cause and the record and proceedings therein should be certified by the said Circuit Court of Appeals and removed into the Su-

153 preme Court of the United States, Do hereby command you that you send without delay to the said Supreme Court, as aforesaid, the record and proceedings in said cause, so that the said Supreme Court may act thereon as of right and according to law ought to be done.

Witness the Honorable Melville W. Fuller, Chief Justice of the United States, the 28th day of May, in the year of our Lord one thousand nine hundred and seven.

JAMES H. McKENNEY,
Clerk of the Supreme Court of the United States.

154 [Endorsed:] 2909. File No. 20,708. Supreme Court of the United States. No. 743, October Term, 1906. Leeds & Catlin Company *vs.* Victor Talking Machine Co., *et al.* Writ of Certiorari. United States Circuit Court of Appeals, Second Circuit. Filed May 29, 1907. William Parkin, Clerk.

155 United States Circuit Court of Appeals for the Second Circuit.

LEEDS & CATLIN COMPANY, Plaintiff in Error,
vs.
VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Defendants in Error.

Stipulation.

It is hereby stipulated by and between counsel for plaintiff in error and defendants in error above named in the above entitled suit, which suit was removed into the said Circuit Court of Appeals by virtue of a writ of error to the Circuit Court of the United States for the Southern District of New York, that the record and proceedings in said cause heretofore certified to the Supreme Court of the United States in support of the petition for writ of certiorari herein and on file in the office of the Clerk of the Supreme Court of the United States, shall be taken as the return to the writ of certiorari issued herein upon said petition by said Supreme Court to said United States Circuit Court of Appeals for the Second Circuit.

Dated, May 29, 1907.

LOUIS HICKS,
Counsel for Plaintiff in Error,
Leeds & Catlin Company.
HORACE PETTIT,
Counsel for Defendants in Error, Victor
Talking Machine Company et al.

Endorsed: U. S. Circuit Court of Appeals for the Second Circuit. Leeds & Catlin Company, Plaintiff in error, *vs.* Victor Talking Machine Co. and United States Gramophone Co., Defendants in error. (Copy) Stipulation. United States Circuit Court of Appeals Second Circuit. Filed Jun- 15, 1907. William Parkin, Clerk.

156 United States Circuit Court of Appeals for the Second Circuit.

The record and all proceedings whereof mention is within made, having lately been certified and filed in the office of the Clerk of the Supreme Court of the United States, a copy of the stipulation of counsel is hereto annexed and certified as the return to the writ of certiorari issued herein.

Dated New York June 15, 1907.

[Seal United States Circuit Court of Appeals, Second Circuit]

WM. PARKIN,
Clerk of the United States Circuit Court
of Appeals for the Second Circuit.

157 [Endorsed:] 308, 20708. United States Circuit Court of Appeals, Second Circuit. Leeds & Catlin Co. Pl'tf in Error *vs.* Victor Talking Machine Co. & ano. Def'ts in Error. Return to Certiorari.

158 [Endorsed:] File No. 20708. Supreme Court U. S. October Term, 1907. Term No. 308. Leeds & Catlin Co., Petitioner *vs.* Victor Talking Machine Co. *et al.* Writ of Certiorari & Return thereto. Filed June 17, 1907.

159 Supreme Court of the United States, October Term, 1907.

No. 308.

LEEDS & CATLIN COMPANY
vs.
VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY.

Stipulation.

It is stipulated by and between counsel as follows:—

That the record certified herein by the clerk of the Circuit Court of Appeals for the Second Circuit, filed herein with the clerk of the Supreme Court of the United States, which, by stipulation, is taken as the return to the writ of certiorari issued herein, consists of two parts, first, part A, consisting of pages numbered from 1 to 544, and second, part B, consisting of pages numbered from 1 to 150; that said part A consisting of pages numbered from 1 to 544 is identical in every respect with the same pages numbered from 1 to 544 of the record heretofore certified to the Supreme Court by the clerk of the Circuit Court of Appeals for the Second Circuit and filed with the clerk of the Supreme Court of the United States, which, by stipulation, is to be taken as the return to the writ of certiorari issued by the Supreme Court of the United States to the Circuit Court of Appeals for the Second Circuit in a suit in equity between the same parties, No. 307, of the October Term, 1907, of the Supreme Court of the United States; and that in order to facilitate the printing of the record in No. 308 and to avoid unnecessary expense, said part A of the record, consisting of said pages numbered 1 to 544, of No. 308 need not be printed in No. 308, but that the printed copies of said pages Numbered from 1-544 in No. 307 may be used upon the argument of No. 308 as part of the record and proceedings in No. 308, and that only the parts of the record in No. 308
160 other than said pages numbered from 1 to 544 need be printed in the Supreme Court of the United States.

It is further stipulated that an order to the above effect may be entered, if necessary, by either party upon this stipulation without further notice.

Dated July 15, 1907.

LOUIS HICKS,
Counsel for Leeds & Catlin Company.
HORACE PETTIT,
Counsel for Victor Talking Machine Company and United States Gramophone Company.

July 24, 1907.

161 [Endorsed:] Supreme Court of the United States. No. 308—October 1907 Term. 20708. Leeds and Catlin Co. against Victor Talking Machine Co. *et al.* Stipulation as to Record. Louis Hicks Counsel for Leeds & Catlin Co. 71 Nassau St. New York, N. Y.

162 [Endorsed:] File No. 20708. Supreme Court U. S. October Term, 1907. Term No. 308. Leeds & Catlin Co., Petitioner *vs.* Victor Talking Machine Co. *et al.* Stipulation to omit part of record in printing. Filed Aug. 15, 1907.

No. 381.

Office Supreme Court, U.
FILED.
MAY 13 1907
JAMES H. McKENNE
CLE

IN THE

Supreme Court of the United States.

October Term, 1906.

LEEDS & CATLIN COMPANY,
Petitioner,

v.

VICTOR TALKING MACHINE COMPANY, and UNITED STATES GRAMOPHONE COMPANY,
Respondents.

RE PETITION FOR WRIT OF CERTIORARI, SUR CONTEMPT PROCEEDINGS.

Brief on Behalf of Respondents in Opposition to the Petition.

HORACE PETTIT,
Solicitor and of Counsel for Respondents,
604 Stephen Girard Building, Philadelphia.

International, 296 Chestnut St.

IN THE

Supreme Court of the United States.

October Term, 1906.

LEEDS & CATLIN COMPANY,

Petitioner,

v.

VICTOR TALKING MACHINE COMPANY, AND UNITED STATES GRAMOPHONE COMPANY,

Respondents.

RE PETITION FOR WRIT OF CERTIORARI, SUR CONTEMPT PROCEEDINGS.

BRIEF ON BEHALF OF RESPONDENTS IN OPPOSITION TO THE PETITION.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

These respondents respectfully oppose the granting of the Petition for writ of Certiorari.

The respondents respectfully show, in opposition to the Petition for the writ of *certiorari*, that the petition relates to contempt proceedings in the Circuit

Court of the United States for the Southern District of New York, and in United States Circuit Court of Appeals for the Second Circuit, based on a preliminary injunction granted in a suit in equity upon Letters Patent of the United States, No. 534,543, dated February 19, 1895, to Emile Berliner; the respondents here being complainants in the lower Court and the petitioner the defendant. A Petition for Certiorari is also presented at the same time with this Petition, by the same Petitioner, asking this Honorable Court to review as well the decree for injunction, heretofore granted in this case, by the United States Circuit Court, affirmed by the United States Circuit Court of Appeals for the Second Circuit. Respondents' Brief in opposition to said Petition is filed under separate cover.

In the United States Circuit Court for the Southern District of New York, Lacombe, C. J., found the defendant in contempt, for violating said preliminary injunction, and imposed a fine of $1000, one half to the United States and one-half to the complainants. (See decision of Judge Lacombe, Record p. 112).

Upon Writ of Error to the United States Court of Appeals, for the Second Circuit, said Court, in an opinion written by Hough, D. J., Coxe, C. J., concurring, affirmed the Order entered in accordance with the opinion of Lacombe, C. J., in the Court below, Wallace, C. J., dissenting.

It is respectfully submitted that this Petition for Certiorari should be denied, among other grounds, for the reasons:

1. There is no question of law involved in this case which has not been previously decided by this Honorable Court.

2. That the main ground upon which the Petitioner presents its Petition, is the dissent of Judge Wallace in the present contempt proceedings, but it is respectfully sub-

mitted that **the error of Judge Wallace's decision lies not so much in his statement of the law as in his misunderstanding of the fundamental durable character of the record disk and the important mechanical function which it has to perform in the combination of the two-element claim.** The decision of this Honorable Court, in the case of Morgan Envelope Co. v. Albany Perforated Wrapper Paper Co., 152 U. S. 430, is not at variance with the decision of the majority of the Court in the present case, but in accord with it.

3. That while in the Morgan Envelope Co. case, the defendant's right to sell the roll of **paper to be used up** in the patented combination was admitted, the principles of law laid down in that case substantiate the decisions, in the present case.

4. That the decisions of Judge Lacombe in the Circuit Court, and of the majority in the Circuit Court of Appeals, in the present case, in no manner extend the monopoly of the patent beyond the patented combination, but merely gives to the owner of the patent the control of the combination of the claim during the life of the patent.

5. That claim 35 of the patent consists of a combination of two elements only—both of which are **vital elements** and of equal importance, viz.: (1) a traveling tablet having a sound record formed thereon, (2) a reproducing stylus shaped for engagement with the record—free to be vibrated and propelled by it. To allow the Petitioner the right claimed by it to manufacture and sell, without license, the traveling tablet, or sound record, to be used, and intended to be used, in the combination, by those who own the reproducing stylus, or other element in the patented combination, and by the method claimed in claim 5, will be to nullify the rights granted under the patent by the government.

6. The reproducing apparatus and the record are each vital elements of the two-part combination. To allow the Petitioner to make and sell the record, one of the elements, would by the same logic and reasoning, allow another manufacturer to make the reproducer, the other element for use in the patented combination, and thus entirely destroy the patent right, and nullify the decisions of the Circuit Court and Court of Appeals sustaining the validity of the patent, after a series of long litigation.

The patent in suit has been before the United States Circuit Court for the Southern District of New York, and the United States Circuit Court of Appeals for the Second Circuit, in several suits, in which it has been sustained, and perpetual and preliminary injunctions isued, against substantially the same infringing device, as follows:

United States Circuit Court, Southern District of New York; Victor Talking Machine Company, and United States Gramophone Company *v.* American Graphophone Company. Final hearing on pleadings and proofs. Hazel, D. J. Perpetual injunction granted. (140 Fed. Rep., 860.)

United States Circuit Court of Appeals, Second Circuit; Victor Talking Machine Company, and United States Gramophone Company *v.* American Graphophone Company. Appeal from decision of Hazel, D. J. Unanimously Affirmed. Re-hearing denied. Lacombe, Townsend and Coxe, Circuit Judges. (145 Fed. Rep., 351.)

United States Circuit Court, Southern District of New York; Victor Talking Machine Company, and United States Gramophone Company *v.* Leeds & Catlin Co. Motion for preliminary injunction. Townsend, C. J. Motion granted. (146 Fed. Rep., 534.).

United States Circuit Court of Appeals, Southern District of New York, Victor Talking Machine Company and

United States Gramophone Company *v.* Talk-O-Phone Company. Motion for preliminary injunction. Townsend, C. J. Motion granted. (146 Fed. Rep., 534.)

United States Circuit Court of Appeals, Second Circuit; Victor Talking Machine Company and United States Gramophone Company *v.* Leeds & Catlin Company. Appeal from decree entered on opinion of Townsend, C. J., granting preliminary injunction. Wallace, Lacombe and Coxe, Circuit Judges. Decree unanimously affirmed. (148 Fed. Rep., 1022.)

United States Circuit Court of Appeals, Second Circuit; Victor Talking Machine Company, and United States Gramophone Company *v.* Talk-O-Phone Company. Appeal from decree entered on opinion of Townsend, C. J., granting preliminary injunction. Wallace, Lacombe and Coxe, Circuit Judges. Decree unanimously affirmed . (148 Fed. Rep., 1022.)

The judgment or decree, which it is sought to have reviewed by this petition, was based on the opinion of the United States Circuit Court of Appeals for the Second Circuit, filed May 2, 1907, in which opinion it was stated after referring to the adjudications of this patent,—

"The claims protected by such adjudications are

> 'a sound reproducing apparatus consisting of (1) a traveling tablet having a sound record formed thereon and (2) a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described.' (No. 35)

and the

> '*Method* of reproducing sounds from a record of the same'

consisting in

> '(1) vibrating a stylus and (2) propelling the same along the record by and in accordance with the said record substantially as described.' (No. 5)

(the 'record' being identical with the 'traveling tablet' above mentioned)."

The preliminary injunction, of which violation is charged, restrained the petitioner here (plaintiff in error in the Court below),—

> "from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of claim 35 of the Letters Patent in suit",

which is the claim first above quoted,

> "And from manufacturing, using or selling, or in any way disposing of apparatus or devices which embody the method specified in Claim 5."

which is the second above quoted claim,

> "And from using or employing in any way the method specified in said Claim 5".

The Sound Record a Most Vital Mechanical Element of the Two Element Combination.

The sound record is a most vital mechanical element of the two part combination. It is a solid disc of hard material having a spirally disposed sound groove, with the sound waves recorded in the sides thereof in lateral undulations, the groove being even depth. The reproducing stylus, the second element of the combination, is shaped for engagement with the record groove, to be vibrated back and forth by the lateral undulations, in a double cam-like action, as the disc revolves, the record thus imparting to the diaphragm of the reproducer the recorded sound, at the same time, the record groove propels the reproducer through the entire length of the spiral groove, from a point near its periphery to a point near the center. **It is thus seen that this record with the double cam-like groove is**

a most vital part of the two-element combination, and is the active fundamental and operative mechanical element in which the reproducing stylus—the other element—is designed to be engaged, and without it the reproducing stylus could not be vibrated or propelled. That Judge Wallace was manifestly in error in his premise upon which he founded his dissenting opinion is clear when he states:

> "It (the sound record) is, however, only a subsidiary part of the machine. Its relation to the machine proper is analogous to that of the **sheet of paper** in the typewriting machine, or the **stalks of corn** in a corn cutter."

If Judge Wallace's statement were the fact, there would be more ground for the dissent: that this understanding is absolutely unfounded is too clear for argument. Judge Wallace has based his whole decision upon an **erroneous premise** that the disc record or traveling tablet, having the spiral groove of even depth with the lateral undulations for vibrating the stylus point in a double cam-like action, was not a vital feature of the patented invention, but was a consumable thing, like a piece of paper to be consumed by a single use, or like stalks of corn to be cut up in a corn cutter.

Judge Wallace has erred, not so much in the application of the law, as in his entire misunderstanding of the fundamental and vital character of this feature of the two part combination. Had he not misunderstood the construction, as found by the majority of the Court, he would have decided otherwise, as he states, *inter alia*:

> "Undoubtedly he (the purchaser of the patented machine) cannot, after his machine has practically ceased to exist for any useful purpose, reconstruct it then by reparation, nor can he reconstruct it by disorganizing it **and substituting as new parts the dominating and vital features of the patented invention."**

As the petitioner has attached to this petition a copy of the brief of this petitioner, (plaintiff in error in the Court below) which was filed in the Circuit Court of Appeals for the Second Circuit, I take the liberty on behalf of the respondents, to attach to this brief and to make a part hereof, a copy of the respondents' brief (defendants in error in the Court below) in reply thereto, in which every point raised by the petitioner, in the Court below, is answered fully and carefully, in the same order in which raised, containing a full index to which this Honorable Court's attention is respectfully invited, and in view of which the present memorandum will be abbreviated.

This Honorable Court will see that the claim 35 of the patent in suit, which has been adjudicated, is or may be termed **"a two-element claim,"** comprising (1) a traveling tablet or record, and (2) a reproducing stylus; the latter being caused to vibrate to reproduce the recorded sounds, and simultaneously therewith to be propelled or traveled across the tablet or record, by and in accordance with the said record, that is to say, by the spiral sound groove of even depth with lateral undulations in the sides thereof in the face of the record, as hereinbefore particularly pointed out. As set forth on page 13 of respondents' brief before the United States Circuit Court of Appeals for the Second Circuit, attached hereto, **the two elements of the claims in question are equally important,** the record tablet being a most vital and important element of the combination of claim 35, and performing a most vital and important function in the combination of claim 5.

The **contempt** with which the petitioner was charged was the sale of the record tablet, one of the two equally important elements of these claims, to be used with the reproducing apparatus manufactured and sold by the respondents, which was the other element of these claims. These

sales being made with the knowledge that said record tablets were to be so used, and with the knowledge, as stated in the opinion of the Circuit Court of Appeals, that the

> "Leeds & Catlin records were knowingly made by the plaintiff in error to enable the owners of Victor Talking Machines to reproduce such musical pieces as they wished, by the combination of the Leeds & Catlin record with said machines:".

that is to say, the reproducers of the respondents, the other element of these claims.

On page 4, of the petition herein, folio 10, petitioner states that the respondents' machine or reproducing apparatus "was so constructed that it was intended that the record to be used thereon for the reproduction of sound could and should frequently be replaced and the sound record was of such character that the destruction thereof was certain, within a very limited period of time, if the sound record was used on the machine for the reproduction of sound." As to the **durability of these disc records,** the attention of this Honorable Court is respectfully requested to the consideration of this feature of the case on page 16, of respondents' brief, in the United States Circuit Court of Appeals for the Second Circuit, attached hereto.

Furthermore the contention by the petitioner that the records are but temporary, perishable and unpatented parts of the patented combination is disposed of by the opinion of the United States Circuit Court of Appeals for the Second Circuit in these contempt proceedings, in the following language:

> "This contention is not supported by the evidence. Disc records are fragile, *i. e.*, brittle and easily broken; but they are *not perishable*, *i. e.*, subject to decay by their inherent qualities, or consumed by few uses or a single one. Neither are they temporary, *i. e.*, not intended to endure; on the contrary we find them capable of remaining useful for an indefinite period, and believe that they usually last as long as does the vogue of the sounds they record." (Italics ours.)

The next contention of the petitioner on page 4, folio 11, of the petition is that the respondents having sold the patented combination without restriction, the purchasers of such patented combinations were entitled to **replace** the record and to purchase such substitute records a most vital element of the **two-element** combination, from others than the patentee, or his licensee, and that the petitioner as a manufacturer has the alleged consequent right to make and sell this most important element, the records—to such purchasers **by the thousand.**

This contention is disposed of by the United States Circuit Court of Appeals for the Second Circuit, in the following language:

> "It is further contended that those who purchase the patented combination in question without restriction, have lawful right to provide themselves with unpatented records made by any person whatever, by way of replacement and repair. We perceive no substantial difference in the meaning of these words. To return to use something injured or lost, or to substitute for something defaced or destroyed, another thing substantially identical, is to repair. The right of general repairing has not been questioned; but what plaintiff in error has done is not to mend or better broken or other records, nor even to furnish new records identical with those originally offered by the Victor Company, but to place upon new discs such other sound records as are thought to command a market, and to induce users of the patented machine *not to replace, but to increase their stock of recorded words and music.*
>
> "The right of repair is measured by the right of the owner of the patented article, and such owner when doing what is above outlined is no more repairing his machine than in one repairing a stereopticon, by changing the pictures therein to suit the whim of the person gazing through it." (Italics ours).

This phase of the question is treated in respondents' brief before the Circuit Court of Appeals for the Second Circuit, which is attached hereto on page 116.

The petitioner's next point on page 4, folio 12, of the petition, criticises the opinion of the Court of Appeals, in holding that the petitioner by supplying the record tablet, one and a vital element of the two part combination of the claims, is **guilty of reconstruction,** contending that this holding is in error, and endeavoring to draw an analogy between the facts of this case and that of the Morgan Envelope Co. v. Albany Paper Co., 152 U. S., 425.

Lacombe, C. J., in the United States Circuit Court for the Southern District of New York, in these contempt proceedings, disposed of this contention in the following language:

> "Nor is the substitution of these new records, *bought more frequently in order to increase the repertory of tunes than as substitutes for worn-out discs* and wholly unlike the toilet paper in Morgan Envelope case (which was destroyed by a single use), in any legitimate sense 'repairs' (see Davis Electrical Works *v.* El. Light Co., 60 F. R., 276)."

The facts involved in the Morgan Envelope case cannot be considered analogous to this case; this is evident by the statement of this Honorable Court in that case as to "the difficulty of treating the paper as an element of the combination at all."

It is plainly obvious that the record is a **vital element** in the combination of the claims in question, the claims **comprising only two elements.** And it is as manifest that the disc sound record, with the sound record groove therein containing the recorded sound waves, is a necessary element, and **the active element required to produce the sounds in combination with the reproducer.** In construing these claims, it is absolutely essential that the record be considered as an element of the combination. Therefore it is thought that the lack of analogy between the facts involved in the Morgan Envelope case and the case at bar, and the non-applica-

bility of the doctrine of the Morgan Envelope case to the facts of the case at bar, are conclusively shown in the following excerpt from the decision of this Honorable Court in the Morgan Envelope case:

> "To repeat an illustration already put: If a log were an element of a patentable mechanism for sawing such log, it would, upon the construction claimed by the plaintiff, require the purchaser of the sawing device to buy his logs of the patentee of the mechanism, or subject himself to a charge of infringement. **This exhibits not only the impossibility of this construction of the patent, but the difficulty of treating the paper as an element of the combination at all."**

Thus, we see in the Morgan Envelope case, that this Honorable Court, although the paper was claimed as an element of the combination, found "difficulty" in treating it as such. While in the patent, upon which this petition is founded, it is submitted, it would be impossible to consider the combination without holding the record as a **vital mechanical element thereof.**

This illustration by this Honorable Court, concerning the log and the sawing device, shows conclusively the error of Wallace, C. J., in the dissenting opinion in the Court below, where he states, referring to the sound record, one element of this combination,

> "Its relation to the machine proper (reproducer) is analogous to that of the sheet of paper in a typewriting machine, or the stalks in a corn-cutter."

The sheet of paper, and the stalks of corn, are obviously in the same category with the log of wood referred to in the illustration of this Honorable Court. To compare a log of wood acted upon by a sawing machine, a piece of paper, printed upon by a typewriting machine, or the stalks of corn cut into sections by a corn-cutter, with the sound record of a talking machine, which is an element that acts upon the

reproducer, and produces the sounds, it is respectfully submitted, conclusively shows the error in the dissenting opinion.

And in the annexed brief used in the Court below, on pages 30, 68, 70 and 83, this Morgan Envelope Co. case is considered at length, and the **differences in the facts** controlling the two cases pointed out, and the attention of this Honorable Court is respectfully called to such portions of the annexed brief, in the desire to avoid repetition here. The facts in the Morgan Envelope case are manifestly not analogous to the present case, for the reason, among others, that in that case, as Lacombe, J., states, the substituted article "was destroyed by a single use."

The decision of this Court in Wilson v. Simpson, 9 Howe, 109, is considered on pages 84 and 100 of respondent's annexed brief, to which the attention of this Honorable Court is called.

Petitioner makes a **false analogy** between the cases of the Morgan Envelope Company, Wilson v. Simpson, etc., and the present case. The replacement of the paper in the Morgan Envelope Company, or the knives in Wilson v. Simpson, is a far different proposition than the use of different sound records on a talking machine. As the Circuit Court of Appeals has said, as above quoted, these talking machine discs **are not temporary,** but are **"capable of remaining useful for an indefinite period, and believe that they usually last as long as does the vogue of the sounds they record."** This is unquestionably true, or, as otherwise stated by Judge Lacombe, these records are **"bought more frequently in order to increase the repertory of tunes, and not as substitutes for worn-out discs."** It is the very essence of the device, that a person having a single reproducing apparatus will probably with it make an original purchase from the complain-

ants of a large number of records, and will constantly increase the number as the records containing new selections are issued, as set forth more at length on page 79 of the annexed brief, these records being made of hard, indestructible material, as set forth on pages 16, 30 and 34 of the brief annexed hereto.

These records as shown may be used hundreds of times without any appreciable deterioration and are not to be compared with the *perishable paper* of the Morgan Envelope case, nor with the knives of Wilson v. Simpson. Their function and use is far different, and the very nature of the use to which the paper and the knives are intended, precludes any idea of an intention that the purchaser would be entitled to replace such element.

Bearing in mind the hard indestructible nature of said records, and the fact that they can be used indefinitely, as held by the Court of Appeals, and are in fact the means to act upon the reproducer, and to vibrate the stylus and propel it across the face of the record, the *error of Wallace, C. J.*, in the dissenting opinion, will be apparent. The learned Judge states (in referring to the record), "*that it is the thing which is to be operated on by the machine proper.*" We think we have shown to the contrary, for the reproducing stylus, the other element of this two part combination, is designed and constructed not to operate, but to be operated by said record tablet, the other element, and the **record disc is the thing which operates on the reproducing stylus to impart to it the lateral vibration, and bodily movement across the face of the record.**

We submit, also, that the prominent part which this disc record plays in the combination of the claims of the patent in question, (its presence being vital to the operative combination) illustrates the error of Wallace, C. J., in the dissenting opinion, wherein the learned judge erroneously states, referring to these disc records, "Its relation to the machine proper is analogous to that of the sheet of paper

in a typewriting machine." A typewriting machine is a complete mechanism, and the piece of paper is only placed therein so that the characters made by pressing the keys can be removed.

A sound reproducer, however, without the record, is a useless piece of mechanism. Without the combination of the reproducer being operatively combined with the record, nothing exists that would reproduce sound. The record is not placed on the talking machine as a sheet of paper in a typewriter to receive something from the reproducer, but is **a piece of mechanism placed thereon to act on the reproducer, and is the operative and most vital element of the combination.**

So, also, is there **error in the analogy** in the dissenting opinion by Wallace, C. J., wherein the learned Judge states that the relation of the sound record to the machine or reproducer "is analogous to * * * * the **stalks of corn** in a corn-cutter." The corn-cutter is obviously a complete and operative mechanism, and passes through the same operation whether or not stalks are fed therethrough. The stalks are not vital to the mechanical operation of the corn-cutter, nor is the sheet of paper necessary to the mechanical operation of the typewriter. On the other hand, however, the talking machine disc is absolutely essential and vital to the mechanical operation of the talking machine, for, without being combined with the reproducer, neither the reproducer nor the record perform any function, nor reproduce sounds.

Therefore, the conclusion drawn on page 5, folio 14, of the petition is upon false premise, for although the inventor has arranged his reproducer and his record with the intention that numerous of his records purchased from him by the user will be used from time to time, it is the very essence of the invention that it should be this way, as the constant playing of one selection would hardly be thought of. This is the peculiar nature of this invention: **the change**

in records is made, not for a repair, but for varying the amusement.

The records do not wear out. But when an inventor produces a device, such as the paper distributing device in the Morgan Envelope Co., case, or the cutter in the Wilson *v.* Simpson case, we have a different proposition, for in these cases the replacement of the paper, or the knives, is not for amusement, but to repair a part which the inventor obviously intended should be repaired when the invention was made.

In the last contention in the petitioner's brief page 6, folio 17, reference was made to Point Two of petitioner's brief in the Court of Appeals. This point is treated on page 99, of the brief attached hereto.

Under this head the petitioner contends that the purchaser of a patented combination has the legal right immediately to *substitute* for an important or essential element of the combination one which he conceives to be *better suited* to his purposes, even though such element was intended to be permanent.

Petitioner's counsel in an attempt to support this proposition (brief, p. 6, folio 17; and p. 60, brief in Court of Appeals), refers to the Trolley Stand decision in the case of Thomson-Houston Electric Co. *v.* Kelsey Electric Railway and Specialty Co., *et al.*, 75 Fed. Rep. 1005. This is a decision of the Court of Appeals for the Second Circuit rendered by Judge Shipman.

The trolley stand, so called, was the means by which the trailing arm was hinged and pivoted to the car, which arm has a capacity for lateral and vertical movement, and is pressed upward by some suitable spring. No particular stand was included in the patent. The defendant sold stands, one of which was purchased and used for the purpose of the infringement complained of.

This case involves a very materially different question,

in that among other things the trolley stand was not the vital element of the combination, such as the respondents' record in suit at bar, and the Trolley Stand case turned upon the doctrine of repairs in cases similar to that of the replacement of the knives in the planing machine in Wilson *v.* Simpson, 9 How. 109, and like cases, the Court distinguishing the Trolley Stand case from the Filament in Davis Electrical Works *v.* Edison Electric Light Co., 60 Fed. Rep. 276. The Court in deciding the right to replace the trolley stand said:

> "It is not intended to permit the unauthorized substitution of the vital and distinctively new part of an invention, in place of one worn out by use, as the substitution of a new filament in the Edison Incandescent Lamp, or the substitution of a new for an old burner in the Wallace case, *supra* (Holmes *v.* Wallace, 9 Blach. 65; Fed. cases, No. 17,100), but the trolley stand is not the vital element of the invention, though a portion of it is an element of the combination. It is the means, and in most cases the non-patented means, for there are numerous forms of these bases by which the pole is permitted to perform its functions."

It also appeared in this case that the purchaser of the trolley stand had a reason for substituting this stand, which was less elevated above the top of the car than complainant's stand, because of the low bridges under which the trolley cars on some of the streets were obliged to go, and that the defendant had a right to sell and the purchaser to use such a stand for the purpose.

In this case his Honor Judge Wallace filed a dissenting opinion, in which he set forth the fact that the defendant had a perfect right to make such an element of the patented combination as a trolley stand, and that the defendant was under no obligation to inquire whether the purchaser intended to make an illegal use of it. In that case there was apparently no evidence that the defendant knew that the trolley stands

were to be used by the defendant in the patented combination, and there was no obligation on the defendant to inquire.

In the case at bar, however, the petitioner sold a most vital element of a two-part combination with the knowledge in one instance that the purchaser, Platz, dealt exclusively in complainant's patented goods, machines and records, and in another case sold to individuals with the knowledge that they were to be used on complainant's reproducer. Bennett's affidavit (Contempt Record, p. 28), states, "I asked him (defendant's salesman) if I could use these (defendant's contempt) records on this Victor Talking Machine (a Victor V) and he told me that I could, and went on further to state that he had at his home a Victor Talking Machine on which he played similar records." Also Thompson's affidavit (Contempt Record, p. 31), states:

> "I then asked said (defendant's) salesman if I could use said records which I so intended to purchase on a talking machine of the manufacture of the Victor Talking Machine Company, and said salesman, in reply to the said inquiry that I could."

He then bought the said records.

Judge Wallace in this connection states, in the above mentioned case:

> "One who assists another to infringe a patent is, of course, a *tort feasor;* and whether he is called a contributory infringer or merely an infringer is only a matter of nomenclature."

Judge Wallace, however, shows that where the evidence of unlawful intent on the part of the defendant is shown in cases of this character there is contributory infringement.

The order in this above mentioned case was particular to state, *"but this permission does not give authority to*

reconstruct or rebuild a combination which has been sold by the complainant."

This case allowed the right to substitute a metal trolley stand, which was a minor element of the combination, for the one purchased from the patentee, as the purchaser, the trolley company, found that the original stand was elevated too high above the roof of the car for convenience in going under certain low bridges.

It will be noted that this was *a substitution,* that is, the old stand was discarded and the new one put in its place. This has nothing to do with the proposition of the purchase of numerous sound records as a means of increasing a repertory.

It is respectfully submitted that there is nothing in this trolley stand case which is in conflict with complainant's position, and that it certainly does not support the defendant's position as regards the present case.

Petitioner Contends it has Right to Substitute or Add 1000 Records.

Petitioner's counsel contends (brief in the Court of Appeals, p. 63), that if the purchaser has the right to substitute one sound record for a sound record purchased from respondent, with the reproducer, he has the right to substitute or add *a thousand records* for use on the reproducer, as well as a single record, for the original one purchased.

This we submit is clear evidence of the extremes to which petitioner's doctrines go, and of the erroneous position which petitioner's counsel has taken.

This is substitution run wild.

The respondents' position is in no manner contrary to the principles laid down in Chaffee v. Belting Co., 22 How., 217, and cases therein cited, but the principles therein stated

are in accord with the principles underlying respondents' contention.

In the present case the respondents' reproducer, which is only one part of the combination, is sold for a price which only relates to the reproducer. Respondents' records, though they may be sold with the reproducer are sold for a distinct, independent price, and the purchaser can purchase as many records with each reproducer from the respondent as he desires to, either at that time or from time to time thereafter. The sale of the reproducer only pays a royalty on that one element of the combination, and it therefore cannot free the other element. The sale of the record at an independent price frees that particular record, but it does not free the other element.

If the sale of the reproducer, one element of the combination, was going to free also the record, the other element of the combination, without a purchase of that element of the combination from the complainant, then the price of the reproducer, in order to give to the complainant its proper reasonable profit for the entire patented combination, would have to be changed and raised.

It is therefore clear that the doctrines of Mitchell *v.* Hawley, 16 Wall., 544, and other cases cited on pp. 65-67 of the brief on behalf of petitioner in the Court of Appeals, have no application, at least as far as this point is concerned, to the case at bar.

Although Judge Wallace referred to the "Trolley Stand" case, in support of the proposition that the petitioner had a right to make the sound records, one element of the two-element combination, yet the majority opinion of the Court of Appeals also cites this case as an authority in passing on this question, and states:

> "We think this contention disposed of by Thomson Houston etc., Co., *v.* Kelsey, etc., Co., 75 F. R.,

> 1005; for the right of substitution there recognized was specifically restricted so as to refuse 'authority to reconstruct or rebuild a combination which has been sold by the complainant'; and whenever a Leeds & Catlin record is placed in a Victor machine the patented combination is instantly reconstructed."

While it may be contended that the unrestricted sale of a patented combination, may carry with it dominion over the article so sold, and may confer upon the purchaser and his vendees the right to hold and deal with it the same as in case of any other description of property belonging to him, yet, we submit, such sales does not confer the right to re-construct. The patent in suit gives the respondents the exclusive right to manufacture the patented combination. The petitioner constructs one of the vital elements of the combination to enable others, who own the other element of the combination, to re-construct this patented combination.

We submit that this question is conclusively answered at the conclusion of the opinion of the Circuit Court of Appeals upon which this petition is based, where it is stated:

> "The true inquiry is whether the owner of a patented combination, the elements of which are durable, unbroken, and in good repair, may buy from the patentee one specimen of a single element,—from an outsider an indefinite number of identical specimens of the same element, and keep and use them all, under cover of the word 'substitution'; it further appearing that the element so procured and used is useful and commercially known only in respect of the said combination.
>
> We think this cannot lawfully be done, and affirm the order below."

For the foregoing reasons, in connection with those stated in the brief before the Circuit Court of Appeals,

attached hereto, it is respectfully submitted that the petitioner is not entitled to the writ of certiorari, and that this petition should be denied.

Respectfully submitted,

HORACE PETTIT,

Solicitor and of Counsel for Respondents.

604 Stephen Girard Building.

Philadelphia, Pa.

May 11, 1907.

IN THE

United States Circuit Court of Appeals

FOR THE SECOND CIRCUIT.

LEEDS & CATLIN COMPANY,

Plaintiff in Error,

(Defendant Below),

v.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY,

Defendants in Error,

(Complainants Below).

Sur Contempt Proceedings.

Brief on Behalf of Defendants in Error.

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IN THE

United States Circuit Court of Appeals,

FOR THE SECOND CIRCUIT.

LEEDS & CATLIN COMPANY,
Plaintiff in Error (Defendant below).

v.

THE VICTOR TALKING MACHINE COMPANY, et al.,
Defendants in Error, (Complainants below).

BRIEF FOR DEFENDANTS IN ERROR.

STATEMENT.

The Leeds & Catlin Company, being the defendant below, will herein be referred to as the defendant, and the Victor Talking Machine Company, *et al.*, the complainants below, will be referred to as the complainants.

The defendant was sued in equity for infringement of Letters Patent, No. 534,543, issued February 19, 1895, to Emile Berliner, for the Gramophone, the charge being infringement of claims 5 and 35.

Motion for preliminary injunction was made, and granted by Judge Townsend (146 Fed. Rep. 534; Inj. Rec., p. 318). The patent, as to claims 5 and 35, had been pre-

viously sustained, in an opinion by Judge Hazel, in the suit of these complainants against the American Graphophone Company, (140 Fed. Rep., 860; Inj. Rec., p. 63), enjoining the manufacture and sale, and use of identically the same records and reproducing apparatus as the defendant's in the present suit. The decision of the Circuit Court, by Judge Hazel, was, on appeal, affirmed in the Graphophone case, in a *per Curiam,* (145 Fed. Rep. 350; Inj. Rec., p. 73), the Court of Appeals, however, disposing of the question of alleged prior public use, on somewhat different grounds from that adopted by Judge Hazel.

Upon appeal in the present cause against the Leeds & Catlin Company from the decision of Judge Townsend, granting the preliminary injunction, this Honorable Court of Appeals affirmed the decision of Judge Townsend granting the preliminary injunction from the bench at the conclusion of the argument, in an oral opinion by Judge Wallace, not reported. The order, affirming the Court below, is noted in 148 Fed. Rep., 1022.

The following is a copy of the writ of Preliminary injunction, entered in accordance with the decree of October 27, 1906, which was duly served on the defendant October 29, 1906, (Contempt Rec., p. 14, 15), which reads:

"THE PRESIDENT OF THE UNITED STATES

To Leeds & Catlin Company, Its Directors, Associates, Officers, Attorneys, Solicitors, Clerks, Servants, Agents, Workmen and Employees, Greeting:

Whereas, it has been represented to us in our Circuit Court of the United States for the Second Circuit and Southern District of New York, that Letters Patent of the United States were issued upon certain improvements and inventions or discoveries of Emile Berliner, in due form of law, on the 19th day of February, 1895, No. 534,543, for gramophone, and that said Letters Patent were duly assigned to the United States Gramophone Company, and that the Victor Talking Machine Company was duly licensed under said Let-

ters Patent, and that you, the said Leeds & Catlin Company, have infringed the fifth and thirty-fifth claims thereof:

Now, Therefore, we strictly command and enjoin you, the said Leeds & Catlin Company, and your associates, servants, clerks, agents and workmen, and each and every one of you, from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of claim 35 of the Letters Patent in suit, which claim reads as follows, namely:

> '35. In a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described.'

And from manufacturing, using or selling, or in any way disposing of apparatus or devices which embody the method specified in Claim 5 of Letters Patent in suit, which claim reads as follows, namely:

> '5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described.'

And from using or employing in any way the method specified in said Claim 5."

Counsel for defendant, in his brief, (p. 3), intimates that Judge Townsend, in entering the original decree for preliminary injunction, struck out from a submitted draft certain language which might have made the decree broader. He states that Judge Townsend struck from the proposed form of complainants the words "or which is intended to be operated in accordance with said method of claim 5." The fact is that the defendant submitted a form of decree to Judge Townsend, as also did the complainants. Judge Townsend adopted neither of these forms in its entirety,

employing some of one and some of the other, but made the decree very much fuller, and more comprehensive, than the form submitted by the defendant. It is respectfully submitted that the decree entered by Judge Townsend (contained on page 328 of the Injunction Record) is very broad and far reaching, and unquestionably embodies the entire device. Among other things, the defendant is enjoined from "in any way disposing of apparatus or devices which embody the method specified in claim 5 * * * and from using or employing in any way said method specified in claim 5." It also enjoins the defendant from making, selling or using "*sound reproducing apparatus* or devices embodying the subject-matter of claim 35 of the Letters Patent in Suit." Claim 35 quoted in the decree defines the "reproducing apparatus" as comprising the record and the reproducing stylus.

Pending the appeal from the decision of Judge Townsend granting the preliminary injunction, the writ was stayed upon application of the defendant, upon the condition that defendant enter security in the sum of Ten Thousand Dollars, to indemnify the complainants for damages and profits due for infringement accruing during the period of the stay, which security was entered.

THE ORIGINAL INFRINGEMENT.

The infringement of the defendant complained of was the manufacture and sale of disc talking machine records, for use in combination with the reproducing apparatus, as specified in claim 35 of the patent, and for reproducing sound by the method specified in claim 5; also the manufacture, sale and use of the reproducing apparatus for use

in combination with the disc talking machine record or traveling tablet in the combination specified in claim 35, for reproducing sound according to the method specified in claim 5.

The defendant's infringing records were produced as exhibits, as was also the reproducing apparatus.

Notwithstanding the said injunction, which was served October 29, 1906, the said defendant company, its officers, directors, associates, agents, employes, etc., continued, and have since continued, without license, to make and sell the said infringing disc sound records, identically the same as those which it had been making and selling previous to the said injunction, for use in combination with reproducing apparatus in the combination specified in claim 35, and for reproducing sound in accordance with the method of claim 5, and with the full knowledge that the same were to be so used.

In other words, the defendant company, and its officers, agents, etc., continued its business in manufacturing and selling sound records of the same identical kind, for the same indentical purposes, after the injunction order served October 29, 1906, in the same manner as it had made and sold the same prior to the injunction order, in utter disregard and violation of the said injunction order of this Court.

Notwithstanding the injunction the defendant continued right along in the business of manufacturing and selling records. It never was a manufacturer of talking machines, but sold a few. (See p. 12 of this Brief.)

Upon petition and affidavits of complainants, on November 19, 1906, an order was entered by the Hon. E. Henry Lacombe against the said defendant requiring it to show cause why an attachment should not issue against it for contempt for violating and disobeying said preliminary injunction of October 27, 1906. (Contempt Rec., p. 6 & 7).

The defendant filed an answer, (Contempt Rec., p. 47) and numerous affidavits and exhibits in defence, and on the

thirtieth day of November, 1906, the case was fully heard by the Hon. E. Henry Lacombe, Horace Pettit appearing on behalf of complainants, and Louis Hicks on behalf of defendant.

On January 5, 1907, an opinion was filed by Judge Lacombe, (Contempt Rec., p. 110, etc.) holding the defendant in contempt, and imposing a fine of one thousand dollars, one-half to be paid to the United States, and one-half to the complainants, collection to be suspended, pending appeal. A decree in conformity with the decision was duly entered on the 11th of January, 1907, and on the same day, an order, partially sustaining the preliminary injunction, pending appeal, requiring monthly statements and a bond of Ten thousand dollars, and also an order staying the collection of the fine, pending appeal, were duly entered. (Contempt Rec., p. 112 to 116). An appeal was thereupon taken by the defendant, from the said decree, to this Court.

THE SALES IN CONTEMPT.

The petitioners' affidavits in this proceeding show conclusively the sales since October 29, 1906, by the defendant company, and its officers, agents, etc., at its place of business, No. 53 E. 11th Street, New York City, N. Y.,—its former place of business,—by several different affidavits; of Thomas W. Luck (Contempt Rec., p. 16, 17 and 18), and bill attached, Marked "Luck Bill," who, on November 8, 1906, purchased seven Imperial Records over the counter at said store, at sixty cents each, making $4.20. Also by the affidavit of Charles M. Hemenover (Contempt Rec., p. 19-20), who, on November 9th, 1906, at the same place, purchased five Imperial Records. Also by the affidavit of Charles K. Bennett (Affidavit No. 2), (Contempt Rec., p. 32-33), who shows that on November 7, 1906, at the same place, he purchased two records from the said defendant company, one of which, "King Cotton," No. 45269, he paid

sixty cents for, and for the other of which, "Carmen," No. 15365, he paid $1.50.

All of these purchases above mentioned were made by the purchasers in the ordinary course of business, going into the store of the defendant company, at 53 E. 11th Street, and stating to the salesperson who came to wait upon the respective parties that he wished to buy some records for talking machines. The would-be purchasers were then given catalogues, from which they picked out certain numbers or selections, and told the salesperson which records they desired to purchase. These records were then taken by the salesperson from the defendant's stock of goods, and delivered in each case personally to the purchaser, who then and there paid the price asked for them.

No questions were asked by the defendant's agent or representative, as to what use they were intended to be put, and the said defendant's records were sold in the ordinary course of business, and were, as shown by the affidavit of H. C. Kennedy, contempt Rec. 41, 42 and 43, the same in all material respects as the disc records sold by the defendant prior to the suit, and which the defendant, its officers, etc., were enjoined from selling by the injunction order served October 29, 1906.

The petitioners' affidavits (Contempt Rec., p. 21 to 31) of Albert Platz, George M. Thompson and Charles K. Bennett (Bennett affidavit No. 1) also show purchases in the ordinary course of business by these parties from the defendant, at its store, No. 53 E. 11th Street, New York City, N. Y., in November, 1906, since the date of the service of the said writ. In these last mentioned instances not only were the defendant's said records sold to Platz, Thompson and Bennett in the ordinary course of business, but also with the knowledge that they were to be used in connection with the reproducing apparatus of the Victor Talking Machine of the complainants' manufacture, in accordance with the said patent No. 534,543, in suit, claims 5 and 35.

The affidavit of Albert Platz (Contempt Rec., p. 21-23) shows that on November 4, 1906, he wrote and mailed a letter to the defendant company, addressed to 53 E. 11th Street, New York City, N. Y., on his letter head, a copy of which is attached to his affidavit. This letter head contained in the left hand corner a picture of the Victor Talking Machine Company's trade-mark, "His Master's Voice," the dog listening to the talking machine with the word "Victor" printed thereon; in the center of the sheet are printed the words "Albert Platz, Exclusive Dealer in Victor Machines and Records, 344 Devoe Street, Brooklyn, N. Y., 190 ." This letter was dated November 4, 1906, addressed to Messrs. Leeds & Catlin, the defendant, and stated (Contempt Rec., p. 23 and 24):

> "You will notice from my note head that I am a dealer in Victor talking machines and records exclusively, I would like to handle the Imperial record. Kindly write me and quote dealer prices.
>
> Yours &c.,
>
> ALBERT C. PLATZ."

To this letter, Albert C. Platz received a reply from the Leeds & Catlin Company, dated November 7, 1906, a copy of which is attached to the Platz affidavit, marked "Complainants' Exhibit, Platz Leeds Letter." This letter stated that in reply to the Platz letter of the 4th inst. the defendant enclosed a catalogue of its Imperial Records, and stated (Contempt Rec., p. 24 and 25):

> "We will be pleased to sell you these at 30 cents each F. O. B. Middletown, Conn. They are acknowledged to be the best records on the market, being loud, clear sweet-toned and up-to-date in every respect. The retail price of the Imperial Record is 60 cents each.
>
> "Hoping to receive your order, we remain
>
> "Very truly yours,
>
> "Leeds & Catlin Company,
>
> "By H. Leeds, Jr.
>
> Dictated. Enclosure."

In reply to this last mentioned letter, Platz wrote the defendant, ordering two dozen of the defendant's records, the order comprising two each of a dozen selections which he picked out from the catalogue sent him, and the said Platz enclosed in the said reply a post office money order for $7.20, in payment of said records, which replying letter he mailed with the money order on November 14, 1906.

On November 16, 1906, Mr. Platz personally called at the defendant's store, 53 E. 11th Street, New York City, and introduced himself, and stated that he had written the defendant on November 4, 1906, to which they had replied by the defendant's letter of November 7, and asked the defendant's representative when the defendant would be able to deliver the records which he had ordered by letter of November 14th, and was told that he would probably receive them on Monday, the 19th inst. Mr. Platz then told the defendant's representative that he would like to have the records at once, and asked that he supply him with the said records, and twenty-three of the said records ordered by Platz, by his letter of November 14, 1906, were delivered to him personally at the said store of the defendant, by the defendant's representative, on November 16, 1906, for which he paid the defendant's representative at the time the sum of $6.90, and received a receipted bill therefor, which is attached to the Platz affidavit, marked "Complainants' Exhibit, Platz Bill" (Contempt Rec., p. 26), which records are produced in this proceeding, together with the other records purchased.

The said George M. Thompson, on Wednesday, November 7, 1906, also purchased six of the defendant's said records, for which he paid the sum of $5.35, which are offered in evidence in this proceeding (Contempt Rec., p. 30 and 31). The said Thompson asked the said salesman, at the time of said purchase, whether he could use the said defendant's records so purchased on a talking machine of the manufacture of the Victor Talking Machine Company, to which the salesman replied that he could.

The said Charles K. Bennett, by affidavit No. 2 (Contempt Rec., p. 32 and 33), shows, in addition to other facts, that he accompanied Mr. Thompson on November 7th to the defendant's store on the occasion of this visit, and that after the said Thompson had made the selection of the said defendant's records, Thompson asked the salesman "whether the said records which he had selected could be used on a machine manufactured by the Victor Talking Machine Company, and the attendant told him that they could be so used" (Contempt Rec., p. 31).

The said Charles K. Bennett, also shows, by affidavit No. 1 (Contempt Rec., p. 27, 28 and 29), that on November 7, 1906, he went to the said store of the said Leeds & Catlin Company, No. 53 E. 11th Street, New York City, and told the defendant's representative who waited on him that he desired to purchase Imperial Records, sold by the defendant company, and that the said representative of the defendant company sold him, on this occasion, six of the said defendant's records out of the stock in the establishment, which said records are produced in evidence in this proceeding, marked "Complainants' Exhibit, Bennett-Leeds & Catlin Records, Nos. 1 to 6 respectively." The said Bennett picked these out of the defendant's catalogue, handed him by the defendant's representative, and paid sixty cents each for four of the said records, and one dollar each for two of the same. The said Bennett affidavit also shows that he told the said salesman at the time of the said purchase that he had a talking machine manufactured by the Victor Talking Machine Company, and asked the salesman if these records thus purchased could be used on this Victor talking machine, and was told by the said representative of the defendant that he could use the said defendant's records on the said Victor talking machine (Contempt Rec., p. 28). The said salesman also, on the same occasion, told the said Bennett that he, the said salesman, had at his home a Victor talking machine, on which he played some of the records. The said

salesman handed the said Bennett, on this occasion five catalogues, containing a list of the different disc records of the defendant's manufacture, which catalogues are produced in evidence in this proceeding, attached to said Bennett affidavit No. 1, marked "Bennett, Leeds & Catlin Company Catalogues, Nos. 1 to 5."

It is shown by the petitioners' proofs, we submit, that the defendant is continuing the sale of the infringing records, for the same purposes, in the same manner, as prior to the injunction.

THE INFRINGING APPARATUS THE SAME IN THE LEEDS & CATLIN CASE AS IN THE ADJUDICATED SUIT AGAINST THE GRAPHOPHONE COMPANY.

The defendant contends that as the infringing apparatus, comprising the combination of the reproducing stylus and disc records, both in the Graphophone case and in the Leeds & Catlin case, were substantially the same as the complainants' patented reproducing apparatus and records, and as infringement was not denied, that there was no expression of opinion by the Court as to what constituted an infringement of claims 5 and 35 of the patent in suit.

If the defendant, at the present time, was manufacturing and selling a distinctively different device from that which the defendant in the Graphophone case, or in the injunction proceedings in the Leeds & Catlin case, had been selling, there might be some excuse for suggesting this question, but as the disc records which the defendant continued to sell after the injunction of October 29, 1906, are identically the same as those which it previously manufactured and sold and which it never stopped making or selling for use in combination with the reproducing stylus of the claims, and which it was enjoined from making and selling, there can be no excuse for the raising of this question.

Further, as hereinafter more particularly pointed out, the decision of Judge Hazel in the Graphophone case, affirmed by the Court of Appeals, as well as the decision of Judge Townsend in the Leeds & Catlin case, also affirmed, considers very fully the importance and function of the record, in combination with the reproducing stylus, there can be no room for doubt that the contempt records form an essential part of the combination with the reproducing stylus of claim 35, for operation in accordance with the method of claim 5.

THE DEFENDANT NEVER WAS A MANUFACTURER OF DISC MACHINES, BUT WAS, AND CONTINUES TO BE, A MANUFACTURER OF THESE DISC RECORDS.

The defendant's business, before suit, and which it has continued since the injunction, is the manufacture and sale of disc records. It never manufactured disc machines, but only *sold* a few, which it took in part payment from the Talk-O-Phone Company at one time. (See affidavits of Edward F. Leeds, Inj. Rec., p. 292; Hicks, p. 97, fol. 289; Ensign, p. 99, fol. 295; Irish, p. 283, fol. 849, 850.) This is admitted by defendant's counsel, and not disputed.

It is, therefore, apparent that the Defendant Company is continuing to do the same infringing acts, since the injunction has been served, as before that time, viz., the sale of records forming the material elements of the combination claimed in claim 35, for use in infringement of the method specified in claim 5.

The defendant cannot now say that these contempt records were sold for the purpose of any other use than that for which they were made and sold prior to the injunction.

Not only is the intent of the use to be determined by the acts of the defendant, but it is also clearly shown by these petitioners' affidavits, as herein pointed out.

The defendant is chargeable with the natural consequences of its acts.

Thomson Houston Co. *v.* Ohio Brass Co. 80 Fed. Rep., 712;
Am. & Eng. Enc. of Law, Vol. 22, 2d Ed., p. 463.

THE ELEMENTS OF CLAIM 35 AND THE METHOD OF CLAIM 5.

The defendant seeks to ignore the value and importance of the disc record, or traveling tablet, with the sound record thereon, of claim 35, and to emphasize the greater importance of the sound reproducing apparatus of the said claim. Defendant's counsel states that the sound reproducing apparatus is the vital element. This, however, is a mere voluntary statement on his part, unfounded in fact, and not warranted by the decision of the Court.

The fact is that this disc record, having the lateral undulations representing the sound waves formed in the side walls of the spiral groove of even depth, extending from the periphery to a point near the center, is a most important mechanical element, if not the most important of the combination. Claim 35 is composed of two elements,—the record just described, and the sound reproducing stylus, shaped for engagement with the record, so mounted as to be free to be vibrated and propelled by the record.

It will be seen that the little undulations in the side walls of the spiral groove operate mechanically as a double cam, to pulsate the stylus point back and forth in transmitting the recorded sound waves to the diaphragm, and at the same time propelling the reproducing stylus from the beginning of the spiral groove, near the periphery, to a point near the center.

As to the reproducing stylus, it is only necessary that

it should be shaped for engagement with the record, and so positioned and supported as to be free to be vibrated and propelled by the record.

As fully set forth, and decided in the suit against the American Graphophone Company, the ways in which the reproducing stylus may be mounted, or supported are several; one way is upon a pivoted swinging arm, such as shown in Figure 3 of the patent, in suit, though this is only one way; another way is that shown in Figure 10 of the Berliner Patent, No. 564,856, filed November 7, 1887 (Injunction Record, p. 465), where the stylus and the sound box are supported on a horizontal roller so as to travel across the record disc. Berliner, in the Electrical World of November 12, 1887 (Injunction Record, p. 244), shows that sound may be reproduced from one of these records by holding a sharply pointed bamboo stick between the teeth and pressing the point lightly into the rotating groove, "Or a mounted diaphragm having connected to its center a flat stylus similar in form to the recording one, but of shorter leverage—as shown lying on the table in the engraving (Figure 1, Injunction Record, p. 243) is so placed above the groove that the bent point of the flat spring also presses lightly into the groove. Or a large wooden resonant box is connected to the groove by a stick having an ivory or boxwood point."

"Another way is to mount the phonautogram on a circular, wooden, resonant box, which simply rotates without progressive motion, and to press an ivory point into the groove. In this case the hand which holds the ivory easily follows the groove, and the point is *led* along the volute of the record, and vibrates the sound-box by undulatory shocks." He then also describes the construction similar to that shown in Figure 10 of the Berliner Patent, No. 564,586.

This is merely cited to show that all that is required of a reproducing stylus forming part of the combination with

the record is that it shall be shaped for engagement with, and so mounted as to be free to be vibrated and propelled by the record. As before pointed out, the record disc is a most important and vital mechanical element having the volute, or spiral groove for propelling the stylus mechanically, and the cam like undulations in the walls of each side of the groove for positively vibrating, or "kicking," the stylus point mechanically back and forth, positively, in a double cam like action, while, at the same time, the volute, or spiral groove propels the stylus point.

An examination of claim 35 will show that this disc record, or traveling tablet having a sound record formed thereon is a most important and vital element of the combination.

It also performs a most vital and important function in the method of claim 5.

The claims read:

> "5. The method of reproducing sounds from a RECORD of the same which consists in vibrating a stylus and propelling the same ALONG THE RECORD BY AND IN ACCORDANCE WITH THE SAID RECORD, substantially as described."

> "35. In a sound reproducing apparatus consisting of A TRAVELING TABLET HAVING A SOUND RECORD FORMED THEREON and a reproducing stylus shaped for ENGAGEMENT WITH SAID RECORD and free to be VIBRATED AND PROPELLED BY THE SAME, substantially as described."

This disc record has always been formed in hard, durable material, and they have commonly been identified and referred to as indestructible records. They were originally, at the time of the invention of the patent in suit, formed in metal, such as zinc, and the reproduction being had directly therefrom in the combination of claim 35. They are now commercially made in hard, durable material, such as hard

rubber or like material, having great wearing qualities, being material into which the record may be pressed from the matrix, soft while heated, and extremely hard when cooled under pressure, such as the disc records in evidence in this case.

DURABILITY OF THE DISC RECORDS.

The complainants' hard disc records may be used, ordinarily, as many as 500 times, without any depreciation in tone to the average ear. This is the testimony of A. C. Middleton, an expert, who, as shown by his affidavit, has given a great deal of time and study to the examination and test of these complainants' records (See Middleton affidavit, Contempt Record, p. 45, 46).

Of course, as stated by Mr. Middleton, inferior records, made of inferior material, such as many infringing records, will show wear in comparatively short time, in perhaps 50, or 60 reproductions, or sometimes less. Records can probably be made which will show wear in one or two reproductions, as suggested by some of the defendant's affidavits, and may not reproduce at all.

The complainants' records sold with its machines, and for use upon complainants' machine, are made of the best and most durable material, as stated by Mr. Middleton, (Contempt Record, p. 45).

> "The material of which the complainants' records are and have been made since the complainants have been manufacturing records is of the best and most durable character known to us for this purpose."

The fact is, that complainants' disc records do not, as a rule, wear out for years, if at all, as users of these disc talking machine records usually have a large repertory with different selections. Mr. Middleton shows, (Contempt Record, p. 37), that an owner of one of complainants' disc

machines costing about $25.00 will frequently spend as much as $100.00 for records. Many of the complainants' records are sold at 35 and 60 cents; at this price, the owner would have at least 200 of complainants' records purchased from the complainants. If he paid an average of a dollar a record, which is not probable, he would have at least 100 records. As stated by Judge Lacombe in the decision holding the defendant in contempt, (Contempt Record, p. 111), new records are "bought more frequently in order to increase the repertory of tunes than as substitutes for worn-out discs."

The complainants, as admitted, sell their records with the reproducing stylus, and the purchaser is at liberty to buy then, or later from the complainants, as many of complainants' records as he desires. It is a large part of the complainants' business to manufacture and sell these records for use in reproducing sound on complainants' machines, as shown by affidavits of Mr. Middleton and Mr. Haddon. (Contempt Record, p. 37 and 39).

A repertory of even ten of complainants' records to a machine, which is a low estimate, would mean, before any appreciable wear occurs, 3000 reproductions at 300 to each record. Or at Mr. Leeds' estimate of 60 reproductions to a record, would mean 600 for 10 records before any appreciable wear, and 6000 if the user, as he frequently has, as stated by Mr. Middleton, 100 records.

Mr. Middleton states that from his most careful actual test that 500 reproductions may be had from each record without any depreciation in tone to the average ear; this would mean for 10 records, 5000 reproductions before even any appreciable wear to the average ear; and for 100 records, 50,000 reproductions.

It is also clear that complainants' records are, and may be continued to be used with very satisfactory results, even after some slight depreciation in tone might occur, after 500 reproductions. And the fact is, that these records are

kept and used by the owners of complainants' reproducing apparatus for years.

The fact is, as known by all users of complainants' machines and disc records that the records practically rarely become useless.

It will also be observed that defendant's affidavits of Mr. Bunker, and Mr. Moeller, (Contempt Record, pp. 89-90, and 98-99), in testifying as to the number of reproductions of which a record is ordinarily capable, do not specify that this is true of the material of which *complainants'* records are made. It might be quite possible that records made of inferior material, such as some of the infringing records, would wear in the manner indicated, but this is not true of the complainants' records, as shown by Mr. Middleton's affidavits. The affidavit of Mr. Edward F. Leeds, on behalf of the defendant, (Contempt Record, pp. 62-64), does refer to complainants' records, but it is clear that the tests made by Mr. Middleton, and who is connected with the complainant company, shows him very much better qualified to testify on this point than Mr. Leeds. Mr. Leeds makes several general statements regarding the matter, while Mr. Middleton shows the character of his tests, and at all events, from his intimate connection with the complainant company since its organization in 1901, is better qualified to testify upon this subject.

RE DEFENDANT'S CONTENTION THAT FLAT DISC SOUND RECORDS EXISTED BEFORE THE DATE OF THE INVENTION OF THE PATENT IN SUIT.

Even if this were true, it would be immaterial, as claim 35 is for the novel combination of the record, and reproducing apparatus, so that the latter is free to be vibrated and propelled, and claim 5 is for the novel method; the defendant, however, does not show the statement to be true

that these disc records, having laterally undulating grooves of even depth of the Berliner type were old prior to the date of the invention of the patent, in suit.

The Court of Appeals, of this Circuit, in the opinion in the Graphophone case, (Injunction Record, p. 73), has held that the date of invention goes back to November 7, 1887, the date of filing of the Berliner Patent, No. 564,586, which issued July 28, 1896. The invention of the patent, in suit, was, therefore, made at the time that the record was shown in the Berliner Patent, No. 564,586, and in the Electrical World of November 12, 1887.

RE MECHANICAL FEED.

The defendant spends considerable time, and space, in the consideration of so-called mechanical feed machines.

It is submitted that it makes no difference, in this case, if mechanical feed machines did exist prior to the date of the patent, in suit, if they were not in commercial use at the time of the sales of the contempt records.

The fact that Mr. Berliner showed in his patent, No. 564,586, that he could also reproduce the record on the positive feed recording machine shown in Figure 1, in no manner detracted from his great pioneer invention disclosed in that patent, No. 564,586, filed November 7, 1887, and subsequently claimed in claims 5 and 35 of the patent, in suit, which he had a right to do as decided by the Court of Appeals in the Graphophone case. This fact in no manner detracted from this basic invention which revolutionized the talking machine art, and in which the record became at once the vibrator, and propeller to feed the reproducer, and in the conception and completion of which Mr. Berliner departed radically, from the prior art represented by the graphophone and phonograph..

It is clear, in regard to the so-called "mechanical feed" device, of which so much is made in the affidavits, that no-

where is it shown that the defendant sold any of these so-called "mechanical feed" devices, nor is it shown by any of the affidavits that these so-called "mechanical feed" devices ever have been or are upon the market to-day. There is an entire absence of any proof on the part of the defendant that there is any so-called "mechanical feed" reproducing apparatus upon the market or in general use to-day, upon which the contempt disc records of the defendant company could be used.

There is, however, on the other hand, positive evidence on the part of the complainants, in their moving papers that there is no such so-called "mechanical feed" device to-day upon the market, or in general use, and never has been.

The mere fact that the defendant may have used, at its office, or store, in testing records, a so-called "mechanical feed" device, is no excuse for the sale of these Imperial records since the injunction, with the knowledge that they could be used, and doubtless would be used in connection with the reproducing apparatus forming the other element of the claim of the patent in suit.

Before the injunction the defendant sold the same records for use in combination with the reproducing apparatus of the patent as decided by this Court. In selling since the injunction the records sold would be devoted to the same uses by the purchasers, and the defendants knew it.

As herein shown, the sales of the records to Luck, Hemenover (Contempt Rec., p. 16 to 20) and to Bennett (Contempt Rec., 32 and 33), (Bennett Affidavit No. 2) were made by the defendant without any inquiry as to what reproducing apparatus they were to be used in connection with. The sales to Platz (Contempt Rec., p. 21 to 23) and Thompson (Contempt Rec., p. 30 and 31) and another sale to Bennett (Contempt Rec., p. 27 to 29) (Bennett Affidavit No. 1) were with the express understanding that they were to be used in connection with the Victor talking machine.

In regard to the so-called "mechanical feed" machine, the complainants most strenuously contend that this machine is gotten up as *a mere attempted evasion of the patent in suit;* that it does not evade, and merely contains a superfluous mechanism, which performs no useful function, without which the machine would operate more satisfactorily than with it; and that the defendant is merely making use of this machine as an excuse for selling the records which it was enjoined from selling, contending that if such a machine existed the records they sold might be used with it, and, therefore, even though the records sold should be used in infringement of the patent, the defendant would be excused.

A careful reading of the defendant's affidavits is invited, as otherwise they might be misleading. The attempt appears to be to create the impression that the defendant has been engaged since the injunction in selling the so-called "mechanical feed" device, and in selling the records in connection therewith, and that the so-called "mechanical feed" device of various makes is upon the market. The affidavits, however, do not so state, as will appear upon a careful inspection, and might be misleading in this respect.

The defendant's contempt records were not sold with any label containing restrictions that they were sold for use in connection with the so-called "mechanical feed" device, as intimated in the affidavit of Edward F. Leeds (Contempt Rec., p. 55), and even if the said labels were on the records, it would make no difference, among other reasons, for the reason that the language of the label does not restrict the use of the record to the so-called "mechanical feed" device, but merely states "it is sold for use on mechanical feed machines". None, however, of the Contempt Records had this label thereon.

While it is true, as stated in Mr. Hicks' affidavit (Contempt Rec. p. 103), that complainants' counsel made the statement in the Court on the injunction proceedings, that

he presumed "that the Court does not desire without the benefit of a full discussion to say, upon these motions, whether these so-called 'mechanical feed' machines are, or are not, mere attempted evasions of claims 5 and 35 of the patent in suit", yet the fact remains, as hereafter more fully pointed out, that the defendant's counsel, in his brief in the Court of Appeals, presented a very full argument relative to this question of so-called "mechanical feed" machine, and the effect of the sale of records which might be used thereon. The matter was thus quite fully before the Court in the injunction proceedings. This defence; therefore should not be available as an excuse in these contempt proceedings.

As shown by the affidavits of Mr. Middleton and Mr. Haddon, (Contempt Record, pp. 35 and 40), at the time the Contempt Records were sold, there were in use in the United States, hundreds of thousands of reproducing apparatus of the complainants' construction, designed to be operated in the method of the patent for reproducing sound from disc records similar to the Contempt records, and that said Contempt Records, when sold, could only be used for sound reproduction purposes in connection with this sound reproducing apparatus referred to, which, in combination with the records, forms the subject-matter of this suit.

The mechanical feed machines, in combination with the vertically undulating record of uneven depth represented the prior art, and was the only commercial talking machine before Mr. Berliner's invention, in suit, as has been decided. (See decision of Judge Hazel in Graphophone case, Injunction Record, p. 63.) Judge Hazel, stated, *inter alia*:

> "Concededly, the lateral undulations in the record automatically guide or propel the stylus and diaphragm in its course over the disc from the outer circumference toward the center, and the stylus travels in an apparently direct radial path while at the same instant of time it is pulsated or incited by the sound waves. The principle of operation in the Berliner machine is thought to be essentially different from that of the ma-

chine of Bell & Tainter. In the latter, an auxiliary joint or feed screw was necessary, as already stated, to effectuate the required passage of the record over the point of the stylus, or to cause the stylus and reproducer diaphragm to travel across the surface of the record. In complainants' patent, on the other hand, it is shown that the lateral vibrations of the stylus point and the propelling of the same over the surface of the record without mechanical assistance and through the means of the groove alone was the primary object of the inventor.

* * * * *

"By such adaptation to what is known in the art as a zigzag record (Complainants' Record) certain imperfections in the talking machines were overcome, and sound, when reproduced, was rendered more intelligible. There was, I think, patentable novelty in the method which accomplished the results stated.

* * * * *

"The essence of such claims would seem to include a sound record, which, when in juxtaposition with a diaphragm and stylus propelled in the manner described, is thereby enabled to successfully accomplish the primal object and purpose of the invention."

The very nature, construction and operation of the prior Edison phonograph, and of the Bell & Tainter graphophone, required the positive auxiliary feed screw for propelling the stylus point over the record, or the record past the stylus point, and had many objections, among others, the difficulty of maintaining the proper relation and pitch between the auxiliary screw feed, and the spiral of the record groove so as to keep the reproducing point always in intimate co ct with the record in the groove. The character of Mr. Berliner's invention, obviated all this difficulty, and provided a means and method of always keeping the stylus point in intimate, and exact corelation with the record in the groove, the record groove being at one and the same time, the vibrator and propellor. This was all passed upon, and fully decided in the Graphophone case by this Honorable Court.

RE JUDGE LACOMBE'S DECISION, HOLDING DEFENDANT IN CONTEMPT.

Judge Lacombe's decision, filed January 5, 1907, is on page 110, etc., of the Contempt Record, and holds the defendant in contempt, imposing a fine of $1000, one-half to be paid to the United States, and the other half to the complainants. The decree for contempt is contained on page 112, etc., Contempt Record.

By separate orders, preliminary injunction and payment of the fine was stayed, pending appeal, the defendant, however, being required to enter bond in $10,000, and to file monthly statements.

The decree found that the defendant has violated the injunction by subsequently selling records of claim 35, with the intent that the said records should be used in combination with the other elements of that claim in machines sold by the complainants, or their licensees, combined with such records, for use in carrying out the method of claim 5.

The defendant's counsel seems to think that Judge Lacombe entertained doubt upon the question, by reason of the fact that he stayed the order pending appeal. We understand, however, that this is quite customary in this Circuit, in cases where the appeal may be heard within a reasonably short time after the decree in the Court below, and that no inference of this character is to be drawn from that fact. The contention is certainly not warranted, as stated in defendant's brief, that the question involved in the contempt proceedings was not covered by Judge Townsend's decision on the preliminary injunction. As hereinbefore pointed out, Judge Townsend's decision and decree were so abundantly broad and sweeping as to include the manufacture and sale of these records for this infringing use, as clearly appears from the decision and decree.

The decree (Injunction Record, p. 328) enjoins the defendant from manufacturing, selling, or using "sound reproducing apparatus or devices embodying the subject-matter of Claim 35."

The words "sound reproducing apparatus" are taken from claim 35, and are stated in that claim to consist "of a travelling tablet having a sound record formed thereon and a reproducing stylus—" etc. It is, therefore, clear that the words "sound reproducing apparatus" used in the decree, mean the combination of the traveling tablet, or record disc, and the reproducing stylus. The decree could not be more explicit for the purpose of enjoining the record of this combination, had it specifically used the word "record."

The fact is, however, that it does specifically include the record, as the decree quotes claim 35, which embodies "a traveling tablet having a sound record formed thereon."

The decree also enjoins the defendant from manufacturing, using, or selling, etc., apparatus, or devices "which embody the method specified in Claim 5,"—"and from using or employing *in any way* the method specified in said Claim 5".

The defendant, at the time that this decree was entered and it was enjoined, was engaged in the manufacture and sale of records, not machines, and this was the business which it continued without interruption, notwithstanding the injunction.

A more willful violation could hardly be imagined.

This was also passed upon, very fully, by Judge Hazel in the Graphophone case, affirmed by the Court of Appeals, where Judge Hazel most clearly defined the importance of the record of the combination, and entered a substantially similar decree.

NO DOUBT EXPRESSED IN JUDGE LACOMBE'S DECISION ON CONTEMPT.

Defendant's counsel, in his brief, under the heading of Decree for Contempt, page 13, refers to an alleged statement by Judge Lacombe at the settlement of the decrees relative to an alleged doubt in Judge Lacombe's mind re-

garding his decision. There is no record, whatsoever, to support this statement, and, therefore, it is unnecessary to ask this Court that no consideration be given it.

A careful reading of Judge Lacombe's decision, (Contempt Record, p. 110), does not indicate that there could be much doubt upon the question of the contempt.

Defendant contends that there was no finding that the contempt records sold by the defendant were ever *used* upon any machine of any kind for the reproduction of sound.

The defendant apparently contends that the finding that there was an "intent" on the part of the defendant that the contempt records so sold should be so used, is in error.

It is held by Judge Lacombe, that this was clearly contributory infringement, and requires no serious argument to show that the proof of an "actual use" was necessary where the intent that they should be so used was proven. This intent is clearly shown by several of complainants' affidavits, as hereinbefore pointed out, such as Platz, Thompson and Bennett to whom the defendant sold the contempt records with the knowledge that they were to be used in connection with the reproducing apparatus of the Victor Talking Machine Company.

The Platz letter of November 4, 1906 (Contempt R., p. 23), ordering records of the defendant, specifically stated that he dealt exclusively in Victor talking machines and records, and the said records were subsequently sold to the said Platz by the defendant. (See defendant's reply letter of November 7, 1906, etc., Contempt R., p. 24.)

No further proof, we submit, is necessary. The defendant sold the contempt records over the counter, as shown by complainants' affidavits, in some cases with the knowledge that the purchaser had Victor talking machines, and in other cases without any inquiry as to how they were to be used, but manifestly with the knowledge that there

were no mechanical feed machines in commercial use, and that there were hundreds of thousands of reproducing machines constructed in accordance with the complainants' patent, in use in the country, for which defendant's records were especially adapted.

The defendant, however, does not seem seriously to dispute this proposition, but mainly relies upon the defense that this alleged right to sell, to complainants' purchasers of machines and records, additional records for the purpose of so-called repair, or substitution, or improvement, as set forth in Defendant's Brief.

Defendant relies upon the theory that when complainants sold the patented reproducing apparatus and records to a purchaser, the device, including the combination of the apparatus and records, was released from the monopoly, and that a purchaser had a perfect right, therefore, to buy from unlicensed parties other records forming an essential part of the combination, to add to his collection of the records purchased from complainants for the purpose of increasing his repertory or for practically any other purpose.

The defendant also necessarily contends, that a manufacturing concern has a right to manufacture this essential element of the two essential elements of the combination for use in accordance with the patented method, and to sell the same to the purchaser of such patented combination.

THE DEFENDANT'S EXCUSES FOR SELLING THE CONTEMPT RECORDS.

The defendant on November 28th, 1906, filed an answer and affidavits in reply to complainants' Petition, making a general denial of infringement since the injunction, and bases its denial upon certain excuses for the acts, which we claim were done in contempt of Court.

It is apparent, we submit, from the very nature of the excuses set forth in defendant's affidavits, that they are

strained and untenable, and appear to be devised for the purposes of evading the decree of this Court.

The defendant, in support of its answer, has filed five affidavits, by the following parties, viz: Edward F. Leeds, President of the defendant company; Louis H. Bunker, who says he sold the defendant's records, at defendant's store, since the injunction, but was acting, not as an employee, but as a "friend"; Loring F. Leeds, who does not state how he is connected with the defendant company, or what his relationship to the president is; Leo Moeller, an employee, and Louis Hicks, defendant's counsel. To certain of these affidavits are attached copies of certain advertisements of the defendant, etc., referred to in the affidavits to which they are attached.

The principal excuses presented by the defendant in the attempt to absolve it from the contempt charged, in selling after the injunction the same sound records as it made and sold prior to the injunction, are, in substance:

(1) That the defendant thought that it could sell these disc records, as such records could be used, or might possibly be used, upon a so-called "mechanical feed" talking machine.

(2) That because the complainants had sold large numbers of reproducing apparatus, including a reproducing stylus and the records, the defendant thought it was free to make and sell disc records which could be used on such of complainants' apparatus in the hands of those who had purchased them, on the basis of the so-called doctrine of "repair".

(3) That the defendant excuses its contempt acts on the basis that the record is a perishable, temporary part of the combination, and that, therefore, it had the right, as a manufacturer, to make and sell to purchasers of complainants' reproducing apparatus, disc records similar to the com-

plainants', as a substitute or addition to the complainants' apparatus.

(4) That because the complainants did not place any label on the records or machine, restricting the use of the reproducer to the combination with the complainants' record, and the use of the record to the combination with complainants' reproducer, specified in claim 35, that, therefore, the defendant was free to supply records.

(5) That the complainants' disc record was not patented separately and by itself; therefore, defendant had the right to supply the records for use in the patented combination.

(6) That the defendant had a right to make and sell records for export to foreign countries.

(7) That the complainants sometimes sold the reproducing device without any records being sold with it; that, therefore, there was an implied license to the defendant, or any other manufacturer, to manufacture, and sell records to the purchaser, notwithstanding the fact that a large part of the complainants' business is devoted to supplying the record disc, the other part of the combination of claim 35, which is advertised most widely and known to the world.

It is respectfully submitted that a careful reading of the defendant's affidavits, in connection with the complainants', will show that the defences raised are manifestly without foundation, and are devised for the purpose of evading the decree of this Court, and to relieve the defendant, and its officers, of the contempt charged.

THE DEFENDANT'S ARGUMENT BASED ON A FALSE PREMISE.

The Disc Sound Record or "Traveling Tablet Having a Sound Record Formed Thereon," is Not a Perishable Temporary Part of the Combination.

The argument of defendant's counsel is, throughout the whole brief, based upon the erroneous assumption and false premise, not supported by the weight of the evidence, that the sound record is a perishable, temporary part of the combination, in the same sense that the toilet paper in the case of Morgan Envelope Co. v. Albany Paper Co. is (40 Fed. Rep. 577—affirmed 152 U. S. 425). The defendant's brief practically bases the whole case upon the decision of the Courts in this case just mentioned. Defendant's counsel contends (Def. Brief, p. 16):

(a) That the perishable temporary character of the record is established by the evidence;

(b) That a mere inspection of the reproducing apparatus and consideration of the wear on the record is alone sufficient to establish the point.

Defendant's counsel goes so far as to argue that the testimony of complainants' experts shows that this point is undisputed.

This latter assumption is illustrative of the misleading construction which defendant's counsel seeks to place upon the proofs.

As stated by Judge Lacombe, new records were "bought more frequently in order *to increase the repertory of tunes* than as substitutes for worn-out discs." Judge Lacombe, very properly, also held that

> "Indeed it is difficult to escape the conviction that the larger part of defendant's sales were contrived by them to enable the owners of reproducers purchased

from complainant or its licensees to produce such musical pieces as such owners might desire to hear, through the co-operation in combination with such reproducers of records made by defendant instead of records made by complainant."

He also stated:

"This seems to be a case of contributory infringement—an entirely voluntary and intentional one, not in any wise excused by the circumstance that complainant had theretofore sold reproducers combined with other records to such owners (Am. Graph. Co. *v.* Leeds, 87 F. R. 873)."

It will thus be seen that Judge Lacombe has held that the purchase of new records by owners of the reproducing portion of the combination is principally for the purpose of *increasing the repertory of tunes.* In other words, Judge Lacombe has found that, in the main, the new records are not sold as substitutes for worn-out discs, but "in order to increase the repertory of tunes."

The defendant's counsel proceeds to base the main portion of his argument upon an inference which he draws from Judge Lacombe's decision, that some of the records are sold as substitutes for worn-out records, and attempts to establish what he terms "the fundamental principle of defendant's contention," that the purchaser of reproducing apparatus made and sold by complainant, or its licensees, has the right to substitute new records made by the defendant, for use in the combination of the patent, when the old record is worn out, or useless through any other cause.

Defendant further reasons from this, that the purchaser, if he has the above right, has also the right to substitute a new record for the record originally purchased, as part of the combination, no matter whether the old record is worn out or useless, and that the purchaser has the implied right, having purchased one machine and one record from the complainant, or its licensees, to purchase *a hundred,* or

a thousand records, for use in the combination, from one who is not a licensee.

It will thus be seen that the defendant attains his conclusion from—

(a) A false premise, viz., that the disc record or "traveling tablet having a sound record formed thereon" is a perishable temporary part of the combination; and

(b) If he has the right to repair a worn-out vital element of the combination, he would also have the right, even though this vital element of the combination was not worn out, to make and use hundreds, or thousands, of other records, having the same, or different, selections thereon, forming a vital element of the combination, to increase his repertory of tunes, or for any other purpose.

THE REPRODUCING STYLUS, THE SECOND ELEMENT OF THE TWO ELEMENTS OF THE COMBINATION OF CLAIM 35, A MOST DELICATE ACOUSTICAL INSTRUMENT FOR USE IN REPRODUCING SOUND IN COMBINATION WITH THE HARD DISC RECORD, OR "TRAVELING TABLET HAVING A SOUND RECORD FORMED THEREON."

The defendant, for some reason of its own, has singled out of the combination of claim 35 the disc record, or *"traveling tablet having a sound record formed thereon,"* as a temporary perishable element of the combination, and defendant's counsel (Def. Brief, p. 18) bases his argument upon the unwarranted assumption that the record is more temporary and perishable than the other element, "the reproducing stylus shaped for engagement with said record," which defendant's counsel says "will last indefinitely for years."

The "traveling tablet having a sound record formed thereon," or disc record, is more durable and permanent than could be ordinarily expected by a purchaser of any acoustical instrument, and as shown by the evidence of Mr. Middleton (Con. Rec., p. 46), the **"complainants' record may be played as many as five hundred times without any material depreciation in tone to the average ear,"** and of course after this the records are then by no means worn out, there being only a slight depreciation in tone to the average ear, and may be used for a long time for ordinary amusement and purposes of ordinary use in the home.

Claim 35, a Two-element Combination.

The two elements in this claim are:

(1) "A traveling tablet having a sound record formed thereon"; and

(2) "A reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same."

These are the two elements which comprise the "*sound-reproducing apparatus*" of the claim.

This, notwithstanding the statement of Edward F. Leeds, quoted on page 18 of defendant's brief, in support of defendant's position. Mr. Leeds states, *inter alia:*

> "The sound-record is not a part of the sound *reproducing apparatus.*"

With all due respect to Mr. Leeds, claim 35 says that the "*sound reproducing apparatus*" consists of the "*traveling tablet having a sound record formed thereon,*" which is the record, and "a *reproducing stylus* shaped for engagement with said record and free to be vibrated and propelled by the same."

The Court will, therefore, see that we have in this claim 35, which performs the functional method of claim 5, *a delicate reproducing stylus,* which while it may have a substantial, durable mounting, so as to allow it to be vibrated and propelled by the record, is a delicate mechanism as compared with the record formed in hard, durable materials.

Apart, however, from the question of the permanency of the reproducing stylus, mounted to be free to be vibrated and propelled by the record, the *Complainant's Records, sold with its reproducer, and for use on its reproducer, are not of a temporary and perishable character, and there is no reliable evidence in this case to support this proposition.*

As before noted, we are considering *acoustical instruments for reproducing sound, which necessarily are of a more delicate character* than machines for rolling railroad rails, or milling machines, and may be more readily destroyed and injured by abuse and improper use.

RE DURABLE CHARACTER OF COMPLAINANT'S RECORDS.

The durable permanent character of complainant's records is so apparent, from an inspection of the record itself, such as "Complainants' Exhibit, Complainants' Records", that proof of the fact would seem hardly necessary. Complainants, however, in order to avoid ~~any~~ question, have introduced clear and conclusive evidence of this fact.

MR. MIDDLETON'S TESTIMONY AS TO THE DURABILITY OF COMPLAINANT'S RECORDS.

The affidavit of Albert C. Middleton shows that he has made a special study and test as to the durability of complainant's records, from time to time, at frequent inter-

vals, for a period of three or four years past (Middleton affidavit, Con. Rec., p. 44-46). It was Mr. Middleton's object to see that the material of complainant's records was always up to **complainant's standard,** which is the best. Mr. Middleton, as shown, is, and has been Secretary of the Victor Talking Machine Company since October, 1901. He says, in regard to the material of which complainant's records are composed:

> "The material of which the complainants' records are and have been made since the complainants have been manufacturing records is of the best and most durable character known to us for this purpose."

Mr. Middleton shows how he frequently made tests of complainant's records to find out whether the material was up to standard, and whether the material tended to wear in the reproducing of the recorded sound, and says:

> "I often take a record out of our stock as a sample record, and spend practically a whole afternoon and evening continuously testing it on one of our reproducing machines, playing the selection over and over again, to ascertain whether the material of the record disc is kept up to our standard, besides other numerous and frequent tests which I make with different records at different times for like purposes. I have been doing this at frequent intervals for three or four years."

Mr. Middleton also states:

> "As a result of my tests, I can positively affirm that complainant's records can be played 250 to 300 times under ordinary conditions, *without any appreciable wear or depreciation in tone.* This is a very conservative estimate; it is my opinion that complainants' records may be played as many as **500 times without any material depreciation in tone to the average ear."**

Mr. Middleton also shows that some infringing records, may show some wear after being played 50 or 60

times, on account of the poor material used. (Contempt Record, p. 46).

Mr. Middleton also points out that the statement made in Defendant's affidavits, such as that of Leo Moeller, that the stylus cuts and wears down the edges of the surface of the record is very misleading and inaccurate, and shows that the point of a properly formed needle, such as those used by the complainant, is specially ground and shaped so as not to cut the record.

He also shows that the statement of Edward F. Leeds in his affidavit of November 28th, 1906, to the effect that a record can only be played 25 or 30 times, is most inaccurate, if it refers to complainant's records.

The fact that the defendant may manufacture and sell disc records for use in the combination of the patent which *are of inferior material,* and wear appreciably after a few reproductions, has nothing to do with the proposition here involved.

The fact is that complainant's records are of hard, durable material, and will last almost indefinitely without appreciable wear.

It must be borne in mind also, as frequently pointed out and admitted by defendant, that the complainant usually sells with its machines a number of its records, not one record, and that as shown by the affidavit of Mr. Middleton (Contempt Record, p. 37), *the owner of one of complainant's reproducers expends very much less for his machine than he does for his collection of records purchased from the complainant*; that while $25 may represent the price of the machine, the owner of that machine in a short space of time will expend as much as $100 for records, or four times as much for records as for the machine. Mr. Middleton here shows that the revenue, therefore, to the Victor Talking Machine Company from records forming a material element of the combination in suit, is frequently very much larger than the revenue from the reproducer alone.

THE PATENT DESCRIBES HARD DURABLE RECORDS.

As shown by the Berliner Patent No. 534,543, in suit, it was intended that these Berliner records, or "traveling tablet having a sound record formed thereon," should be, and were described to be, of hard, durable material.

The specific record referred to in the patent in suit, No. 534,543, from which the sound was reproduced in the combination of the reproducing apparatus of claim 35, was a zinc disc with a laterally undulating record of even depth etched therein. This record, and the particular method of making it, is described on pages 4 and 5 of the patent No. 534,543, in suit. It states (page 4, line 14, etc.), "a record tablet prepared in the manner described in my aforesaid Letters Patent, is then placed upon the tablet 4 and clamped to the same as hereinbefore described—" The before described Letters Patent referred to are the Berliner record patent No. 382,790, of May 15th, 1888, referred to on page 1, line 15, of the specification.

This patent No. 382,790, was for the process of producing these sound records, which patent states on page 1, line 19, etc.:

> "My present invention is an improvement upon that described in my aforesaid patent; (an earlier patent of Berliner, No. 372,786), and it has for its object the production of a record of sound-waves in solid, resisting material, principally metal, by the process of direct etching; whereby a solid unchangeable sound-record is obtained more cheaply and more readily—"

This Berliner patent No. 382,790, also states, page two, line 30, etc:

"From a record produced in the manner described any number of copies may be obtained by electro-deposition, especially when the original record is etched in metal. In that case, however, it is found it is advisable to burnish the original record groove before the plate or cylinder is placed

in the depositing bath. This is a very simple process, and consists in holding and gently pressing a pointed burnishing tool in the record groove while the plate or cylinder is rotated."

It is thus seen from the specification of the patent in suit, No. 534,543, and from the Berliner Patent No. 382,790, referred to in the patent in suit, that the "traveling tablet having a sound record formed thereon", or record disc, of claim 35, was intended to be *a durable, substantial record*, and was and is such.

By reference also to the Berliner patent No. 548,623, the record claims of which were adjudicated by Judge Hazel in Victor Co. *v.* American Graphophone Co., (140 Fed. Rep., 860) to be confined to hard rubber, it is seen that Mr. Berliner always contemplated that these records, with the laterally undulating groove of even depth, should be made in *hard, durable material.* These records were what are called duplicate records, being pressed from a matrix of the original record in this hard rubber like material. While these record claims of the Berliner patent No. 548,623, specify hard rubber, the specification in referring to other materials which could be employed ,referred only to hard, durable materials, among others celluloid.

If the complainant had sold wax disc records of the zig-zag type, the defendant would have more ground for its contention that the complainants' records were perishable and temporary.

MR. KENNEDY'S TESTIMONY AS TO DURABILITY OF COMPLAINANTS' RECORDS.

In this present suit, on the motion for preliminary injunction, Mr. Kennedy, complainant's expert, states (Injunction Record, p. 60), in reference to the record exhibits in this case, that the record discs are *"made of hard in-*

destructible material, in the faces of which are impressed a spiral record groove of even depth with lateral undulations." Mr. Kennedy also shows that the record exhibits in the case of Victor Talking Machine Co. *v.* American Graphophone Co. (140 Fed. Rep. 860), affirmed by this Honorable Court (145 Fed. Rep. 350), were also made "of hard material having in its face a spiral groove of even depth with lateral undulations."

The affidavit of Albert C. Middleton on behalf of complainants in the injunction proceeding in this present suit (Injunction Record, p. 51), states that "Complainant's Exhibit, Complainant's Sound Record, is a flat disc of *indestructible material,* in the face of which is a spiral groove of even depth having lateral undulations representing the sounds to be reproduced."

Judge Hazel in rendering the decision in Victor Co., *et al., v.* American Graphophone Co. (Injunction Record, p. 67), showed that Berliner's process of recording and reproducing, such for instance as described in the Berliner patent No. 564,586, differed essentially from the phonograph and graphophone, and states:

"The specification described a process by which the sounds were inscribed upon a layer of non-resisting material; which was afterward copied in *non-yielding material,* from which the sounds were reproduced."

THE TESTIMONY BEFORE THIS COURT IN THE AMERICAN GRAPHOPHONE CASE RE DURABILITY OF THE RECORDS.

As shown by Mr. Kennedy's affidavit in this case (Inj. Rec., pp. 60-61), the Complainants' Exhibit, Complainants' Sound Record in the case at bar, and the complainant's and defendant's sound records in the suit against the Amer-

ican Graphophone Company, cited by this Court of Appeals, (145 Fed. Rep. 350), are the same, and made of *hard, indestructible material.*

In the said American Graphophone case, the evidence of Joseph Lyons, which was before this Court in that case, shows that the complainant's sound records were made in hard, resisting material. He shows, (Transcript of Record, p. 19, American Graphophone case) that Mr. Berliner deviated from prior processes, and, among other things, formed the record in hard, resisting material.

On page 27, Mr. Lyons, shows that the record tablet exhibit in the American Graphophone case is "a record tablet consisting of a flat disc of hard, resisting material. * * * This sound record tablet is a circular disc of hard black material, which has on its upper face a laterally undulating spiral groove of even depth."

Mr. Lyons shows, (on pp. 27, 29 of Transcript of Record, American Graphophone case) that the complainant's records and defendant's records are exactly the same.

Mr. Lyons also states, in referring to Mr. Berliner's invention (XQ. 13, p. 34), that Mr. Berliner started with a Scott Phonautogram, and his first proposal was to reproduce that in hard material by process of photo-engravings.

In the case of Victor Talking Machine Co. *v.* American Graphophone Company, suit on Berliner hard rubber record patent, No. 548,623 (145 Fed. Rep. 189), (referred to in Mr. Hick's affidavit, Contempt Record p. 104), recently affirmed by this Honorable Court of Appeals, the Court said, as to the exhibit records:

> "The sound records which were claimed to infringe complainants' records were manufactures of shellac and heavy earthly material covered with lamp black; in appearance they were similar to the sound records in suit. The substances used by the defendant in the manufacture of sound records are claimed by complainants to be the equivalent of hard rubber."

The Court of Appeals, in the decision of Judge Townsend, affirming Judge Hazel, in this connection said, referring to defendant's records:

> "Defendant's material, which is a manufacture of earth and shellac is similar to hard rubber of the claims in the fact that it is impressible when soft and *hardens when cold.*"

The testimony of Mr. Lyons in this case, in referring to the defendant's disc record, said:

> "The material is not only hard, so hard as to exclude the possibility of cutting the sound grooves into it—".

Mr. Lyons was showing that the sound groove was pressed into the material while heated, which became hard upon cooling under pressure.

RE DEFENDANT'S AFFIDAVITS.

The affidavit of Edward F. Leeds is the only one which states that the material of which *complainants'* records have been made wore perceptibly in the reproduction of the sound.

The attention of the Court is particularly asked to the affidavits of the defendant upon which defendant's counsel bases his contention that the complainant's records are perishable and temporary. The defendant's counsel bases his contention upon three affidavits; one of Edward F. Leeds (Contempt Record, pp. 62 to 64; Defendant's Brief, p. 18); the affidavit of Lewis H. Bunker (Contempt Record, p. 87; Defendant's Brief p. 21); and the affidavit of Mr. Leo Moeller (Contempt Record, p. 96; Defendant's Brief, p. 21).

A careful reading of the portions of these affidavits, quoted in the Defendant's Brief, shows that Edward F. Leeds, the President of the Defendant Company, is the only witness who swears that *complainant's* sound records could be used only a very limited number of times for reproducing sound. This witness is the only witness who swears to this effect regarding *complainant's* sound record.

This is the only witness who swears that complainant's records, after a few playings, become gray in appearance, showing that the friction of the needle has chipped off the edges, cut into the smooth finish of the surface, and otherwise wore out the material. This witness Leeds also makes the false and unwarranted statement that in complainant's records, the deterioration rapidly increases until soon the record is useless.

The worthlessness of this witness' statements is also illustrated by a further statement made (quoted on page 20 of Defendant's Brief), regarding the records of one of this complainant's competitors, the American Graphophone Company, wherein he says:

> "Records made by Complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times and the same is true of similar records made by the American Record Company."

That this is untrue is apparent from the most casual examination of these records. These disc records of the American Graphophone Company have been before this Court frequently, and were in evidence in the suit of the Victor Co. *v.* The American Graphophone Co.

The character and value of this affidavit may be judged from these statements:

This Court will observe in reading Mr. Leeds' affidavit, that while he states that certain disc records will wear out in 35 or 30 reproductions *unless made of proper ma-*

terial, he also says that often a single reproduction, or two or three reproductions, will destroy a record by reason of the quality of the material, and that sometimes records become useless after being played ten or twelve times. *He does not make these statements against complainant's records.* He says that in exceptional cases the records can be played as often as 50 or 60 times. He does not here state that this is the limitation on complainant's records.

The attention of the Court is also called to his statement that it takes but a minute, or two, to play a record. Therefore, according to his statement one of these records would be worn out in an hour, or at most two hours, if played continuously.

The fact is that these complainants' records are practically indestructible, and last well for years with ordinary care.

Of course, a record may break or become destroyed by accident, which is liable to happen to any patented construction. It is also true that a record may be destroyed by a sharp tool improperly used. A hatchet would be a very good thing for this purpose.

Another thing Mr. Leeds states against the record is, "Another reason why the record is intended to be but a temporary part of the machine, is that after the record has been played several times *it becomes tiresome.*"

Mr. Leeds, however, (Defendants' Brief, bottom of page 20), refers to the problem which complainant has solved. He states:

> "Hence one of the problems in the record making art is to secure a material so perfect that it will withstand the friction of the needle a greater number of times."

The complainants, as shown by the affidavit of Mr. Middleton, (Contempt Record, p. 45), have solved this problem of securing the best and most durable material.

Edward F. Leeds, President of the Defendant Company, in Contempt, in American Graphophone Co. v. Walcutt, et al.

Judge Wheeler, of this District, in the case of the American Graphophone Co. *v.* Walcutt, *et al.*, 86 Fed. Rep., p. 408, held Cleveland Walcutt and Edward F. Leeds in contempt in violating the injunction order of this Court, in that case restraining Walcutt, *et al.*, from infringing the Bell and Tainter Patent, No. 341,214, and the Tainter Patent, No. 341,288, by making and selling cylindrical talking machine records.

The defendants committed the acts in contempt as officers of a corporation organized while the original case was under advisement, but the Court held that that did not make their acts any less a violation of the injunction. In the contempt proceedings in that case, Edward F. Leeds, now the President of the Leeds & Catlin Co., and Cleveland Walcutt, contended that because they bought a licensed recording machine they had a right to duplicate a record made on this recording machine which duplicated records were made in accordance with the claims of the patents which they were enjoined from infringing. The Court held them guilty of contempt.

RE AFFIDAVIT OF LOUIS H. BUNKER.

(Contempt Record, p. 89; Defendant's Brief, p. 21).

It will be noted that this portion of Mr. Bunker's affidavit quoted in Defendant's Brief is the only portion which refers to the question of durability of sound records, and that *nowhere in his affidavit is any reference made to complainant's records.* The statement of Mr. Bunker is a general statement, and nowhere specifies the character, or durability, of *complainant's* records. Mr. Bunker states, "Often from 10 to 15 reproductions will wear out and destroy the

record." *He does not say that this is true of complainant's record*; it is possible that some records might be so constructed in conjunction with some machine as to wear out and become useless in that time, especially if it was intended for the purpose of wearing out.

The character and value of Mr. Bunker's affidavit may be judged from the statement, "it is the practice to replace the record after one or two playings."

If Mr. Bunker means by this that the custom is to change the record for the purpose of hearing another selection after one or two reproductions, he may be right, but it is hoped that the Court will not be mislead by this statement.

If he means that the records are usually replaced after one, or two, playings, because they are worn out, of course, the statement is ridiculous.

RE AFFIDAVIT OF LEO MOELLER.

This affidavit is contained in the Contempt Record, p. 96, and the portion relating to the durability of a record quoted in Defendant's Brief, p. 21. The portion quoted in Defendant's Brief is the only portion referring to the durability of the records. Like Mr. Bunker, this witness makes *only a general averment*, that flat disc records generally are of a temporary character, *without any specific reference to complainant's records.*

He says that the "lasting qualities of the flat disc sound records having lateral undulations depends upon the material of which the tablet is composed, and upon the perfection of manufacture of the record." This may be quite true, but his following statement is absolutely inconsistent when he says, "All such records are made substantially today of the same material." It is shown by defendant's other witnesses that the materials, at least as to their lasting

qualities, vary very widely. *This witness, as before stated, does not specify complainant's records, and nowhere states anything regarding the durability of the material of which Complainant's records are made.* He thinks that a record might be destroyed the first time it is played.

He also states that it might be played thirty times, and that often ten or fifteen reproductions will destroy a record. He also states that records may be played from fifty to sixty times.

As before noted, not one of defendant's affidavits, outside of Edward F. Leeds', makes any direct reference to complainant's records, and not one of defendant's affidavits, except Leeds', denies the complainant's proofs that complainant's records are made of hard, indestructible material, and may be reproduced, as many as 500 times without the average ear detecting any material depreciation in tone.

The durability, and practical indestructibility, of complainant's records was one of the features of this gramophone type of reproducing apparatus which particularly was called to public notice at the time they first came into use, as distinguished from the wax like records of the phonograph and graphophone.

USUALLY A NUMBER OF COMPLAINANT'S RECORDS ARE SOLD WITH COMPLAINANT'S REPRODUCER.

We have been considering the great durability and life of a single record. When, however, we take into consideration the fact, which is not denied by the defendant, and which is proven by complainant's affidavits, that each purchaser of complainant's reproducer usually buys with the reproducer a number of complainant's records for use in the combination of claim 35, in carrying out the method of claim 5, we find the durability and permanency of the combined apparatus increased in very large proportions.

Mr. Middleton says (Contempt Record, p. 37):

> "A purchaser of the machine or reproducing apparatus for use in reproducing from the record, frequently expends very much less for the machine than he does for his collection of records, as records are being constantly purchased by the purchaser of a machine from time to time—".

Mr. Middleton also shows that while a purchaser may expend $25 for a reproducer, in a short space of time he will frequently expend at least $100 for records. If the records cost $1.00 apiece, under these conditions the purchaser would have 100 records, and if each record, as Mr. Middleton testifies, is capable of at least 500 reproductions before even any deterioration in tone to the average ear, the purchaser would have complainant's patented apparatus capable of reproducing at least *fifty thousand reproductions* before any perceptible deterioration. A popular price of records is fifty cents, and some of them are sold at thirty-five cents. If sold at fifty cents the purchaser making an expenditure of $100 for records would have 200 records, capable of 100,000 reproductions before any appreciable deterioration. This would represent almost a lifetime as far as the durability of the records was concerned, as a user of a talking machine, while he may play it a great deal, does not play it all the time.

THE WEIGHT OF THE EVIDENCE.

We see from the weight of the evidence that the complainant's records are made of practically indestructible material, and that even a single record is capable of almost indefinite use without any depreciation in tone to the average ear.

If there is no depreciation in tone to the average ear for 500 reproductions, *it follows that the same record may be*

used almost indefinitely for ordinary amusement purposes. The purchaser of a dozen of complainant's records with complainant's reproducer, forming the combination of claim 35, would have an extensive reportoire, lasting for several years, unless the records were abused, and abuse will destroy any device. Increase his reportoire by the additional purchase of complainant's records to 25, 50 or 100 and, as before stated, his records will last for an indefinite period.

There are very few patented combinations in the musical class which will give longer wear, and more durable results and satisfaction than this combined reproducing apparatus of claims 5 and 35.

As stated by Judge Lacombe in deciding this Contempt proceeding (Contempt Record, p. 111), new records are "bought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs."

RE ALLEGATIONS CONTAINED IN DEFENDANTS' AFFIDAVITS GENERALLY. — BRIEFLY REVIEWED.

Affidavit of Edward F. Leeds (Contempt Record, page 50, etc.).

Mr. Leeds shows, among other things, that he is the president of the defendant company, and that the right to sell sound records, independently of the reproducing apparatus, was not passed on in the prior suits; he says that the Leeds & Catlin Company never manufactured talking machines, but was exclusively a manufacturer of sound records. He says that the talking machines which the defendant sold prior to suit brought were some Talk-o-phones which the defendant company had purchased from the Ohio Talking Machine Company. He shows in substance, that the defendant company is manufacturing only records now, which is the same business it was engaged in before the in-

junction. He alleges that the defendant discontinued *the use* of all sound reproducing machines, except "mechanical feed" machines, after the injunction. He says that on October 15, 1906, the defendant bought one hundred mechanical feed machines from the Talk-o-phone Company, Contempt Record, pages 52 and 53, which was three days after the decision of the Court of Appeals.

While Mr. Leeds, Contempt Record p. 52, says that the defendant began to use and sell its sound records in connection with the feed device machines, there is nothing in the affidavit to show that the defendant ever sold such machine, or that any such machines are on the market. Whether he had seen such a machine, and may have owned such a machine is, of course, another question. Mr. Leeds does not deny that the records were sold over the counter since the injunction, similar to the records sold prior to the injunction, without inquiry as to how, or on what machine they were to be used except in a general way, nor does he deny that since the injunction sales were made to the purchasers set forth in Petitioners' affidavits. He says that he was advised by counsel, Contempt Record, p. 53, that the "mechanical feed" machines were not an infringement. Mr. Leeds also states that the defendant had purchased necessary tools for the manufacture of "mechanical feed" devices similar to the Talk-O-Phone, Contempt Record, p. 53, and is now engaged in manufacturing such machines for use and sale, but does *not allege any definite sale*. Mr. Leeds also states that the Talk-O-Phones have been extensively advertised, and that he once saw a "mechanical feed" machine in the Imperial Hotel, in November, 1905. Contempt Record, p. 54.

He also shows that since the injunction the defendant has advertised its records in the New York Herald, of November 23, 1906, and in the Talking Machine World of November 15, 1906, Contempt Record, p. 84a, and refers in said advertisements to some kind of a "mechanical feed"

machine. The attention of the Court is directed to these advertisements, as they are misleading, and are evidently gotten up for this purpose. In neither of these advertisements does the defendants state that these machines *are on sale*; a reference to them is incorporated therein manifestly for the purposes of excusing its advertisements of its records.

Mr. Leeds also refers to a label which he says defendant had adopted "and is now putting upon its sound records, * * * stating that the record is sold for use on mechanical feed machines". Contempt Record, p. 55. The Contempt Records, produced by the complainants, did not have these labels thereon, and Mr. Leeds does not state that they have as yet been put upon the records, but does say: Contempt Record, p. 55.

> "Very likely the employees of the Leeds & Catlin Company had not had sufficient time to put the annexed label upon said records—."

A considerable portion of Mr. Leeds' affidavit is devoted to his prior knowledge of graphophones, and phonographs, and gramophones, and devices having mechanical feeds. Mr. Leeds also states Contempt Record, p. 57, that "The Valiquet Company, of 50 Columbia Street, Newark, New Jersey, is preparing to manufacture and sell disc talking machines employing disc sound records having lateral undulations and a mechanical feed device—." He does not, however, state that they are on the market.

While Mr. Leeds' affidavit denies the statements in certain of complainants' affidavits, to the effect that the disc sound records, such as defendant's disc sound records, can only be intended for use in combination with reproducing apparatus or machines, such as complainants', he does not point out, or testify, that there is any reproducing apparatus upon the market, or in general public use, upon which defendant's Contempt Records could be used. He makes a

general statement that such sound disc records have been continuously used from a date prior to the invention of the patent in suit down to the present time upon mechanical fee device, machines, but he fails to specify where, or how, or how many of the same he has seen, or are on the market. It is a mere general statement, upon which no reliance can be placed, Contempt Record, p. 57. He also says that many of the defendant's records are sold for export, Contempt Record, p. 59, but that, of course, has nothing to do with those which are not sold for export.

He also claims that the sale of a reproducing apparatus by complainant implies a license to the purchaser to use infringing records. Contempt Record, p. 61 and 62. Mr. Leeds also claims that the records are perishable, and have to be renewed, and can only be used a comparatively limited number of times, as before considered. Contempt Record, p. 63 and 64.

Mr. Leeds, the president of the defendant company, admits that the defendant and its officers have been advised by counsel, Contempt Record, p. 65, "that it cannot sell sound records to be used to complete an infringing machine, and that it cannot do any act, which, taken in connection with the act of another person, not acting under authority of the complainants, could constitute an infringing act."

As shown, the defendant company,, and its president, have willfully, violated this advice by selling records since the injunction, with the knowledge that they were to be used in an unlicensed manner, as hereinbefore pointed out.

Mr. Leeds makes reference to the date of "November 4th", Contempt Record, p. 66, of a letter referred to in the Platz affidavit. It is clear that this date should have been November 14th, which is the date of the letter containing the order referred to, and not November 4th, a mere clerical error. The fact is that Platz ordered the goods, and they were sold to Platz as set forth in his affidavit.

The very facts of the case, as shown by the proofs, make it appear clearly that the defendant was wilfully negligent in its acts relative to the injunction, and that the contempt sales were not inadvertent.

Re Affidavit of Louis H. Bunker (Contempt Record, pages 87, etc.).

A large part of Mr. Bunker's affidavit is devoted to trying to prove that he was the party who waited upon Messrs. Bennett and Thompson, at the time of purchase of the Contempt Records, referred to in Bunker's affidavit, and that he was not an employe, or servant, or official of the defendant company, and that what he said, therefore, did not bind the defendant; he attempts to show that the conversations with Bennett and Thompson were not correctly reported. A careful reading of this affidavit is requested, as we submit it very clearly illustrates some of the devices and designs of the defendant company in its efforts to free itself of contempt, after the contempt acts have been committed.

The facts set forth in the affidavit of Mr. Thompson, on the occasion of the joint visit of Thompson and Bennett to the defendant's store, relative to the purchase of the contempt Records, is fully corroborated by Mr. Bennett. It is submitted that Bunker's excuse that he was not an employe of the defendant company, though he undertook to act for it, relative to the sale of the goods in the defendant's store, is a very suggestive one. He admits contempt Record p. 88, that Bennett and Thompson did ask him whether the defendant's records could be used on machines of the manufacture of the Victor Talking Machine Company. Thompson testifies relative to this inquiry,—"The salesman from whom he purchased the goods on the occasion referred to, said that they could be used on such machines." Bennett also corroborates this, in his affidavit No. 2.

The Bunker affidavit also refers to an alleged under-

standing by some that a purchaser of a Victor Talking Machine, was at liberty to purchase infringing records. While Bunker also refers to the so-called "mechanical feed" devices, he nowhere testifies that such machines were or are on the market, or in general use.

Re Affidavit of Loring L. Leeds, generally (Contempt Record, pages 92, etc.).

Mr. L. L. Leeds states that he agrees with the statements made by Mr. E. F. Leeds, S. H. Bunker and Leo Moeller. He refers to the so-called "mechanical feed" machine of the Valiquet Novelty Co., stating that he is informed by officers of that Company, that they are prepared to manufacture, and sell, a "mechanical feed" device, though he makes no statement that such machines have been sold, or on sale. He refers to the prior art, which is a matter that has been passed upon on the motion for preliminary injunction, and also refers to the facts that some of the defendant's records are sold for export. He, nowhere, states, however, that the so-called "mechanical feed" device is on the market, or on sale.

Re Affidavit of Leo Moeller (Contempt Record, pgs. 96, etc.).

Mr. Moeller shows that he is employed by the Leeds & Catlin Co., and states that flat disc records could be used on a "mechanical feed" device, and treats, somewhat at length, on recording machines for disc, and cylindrical, records having a feed screw, and also refers to the Edison and Bell & Tainter patents, which were in evidence, and were fully considered in the Graphophone case, and in the motion for preliminary injunction in this case, and in the Talk-O-Phone case. He says he has seen a "mechanical feed" device, but nowhere states that such a machine is upon the market, or in general use. He says further Contempt Record, p. 98, that the Valiquet Novelty Co., has recently offered to manu-

facture these "mechanical feed" devices for the Leeds & Catlin Co. He also shows that some of the defendant's records are sold for export.

Mr. Moeller also attempts to show that the disc records wear out very easily, though he admits that their "durability depends upon the material of which the record is composed, and upon the perfection of manufacture of the record." It is well known that disc records made in proper material, such as the complainants', will stand, without appreciable wear, even a couple hundred of reproductions.

The affidavit of Mr. Moeller also refers to the contentions made in the other affidavits, that purchasers of complainants' licensed reproducing apparatus has a right to use infringing records.

Re Affidavit of Louis Hicks (Contempt Record, pages 100, etc.).

Mr. Hicks, who is counsel for the defendant, refers Contempt Record, p. 100-101, to the infringement in the suit against the American Graphophone Co., and also to Judge Hazel's reference in his opinion, in that case, to the Bell & Tainter patent, which, we submit has no bearing upon the question now involved, as questions of alleged anticipation had been disposed of.

Mr. Hicks contends that the question of infringement, in the case of the American Graphophone suit, was confined to the making, using and selling of machines and sound records, and in this case was confined to the sale, by the defendant, of an unlicensed machine, with sound records for use thereon, and that the question of the sale of records alone was not adjudicated before.

While counsel for complainants, as stated by Mr. Hicks, Contempt Record, p. 103, did set forth in his brief on the motion for injunction, that he presumed "that the Court does not desire, without the benefit of a full discussion, to say, upon these motions, whether these so-called "mechanical

feed" machines are, or are not, mere attempted evasions of claims 5 and 35 of the patent in suit", yet, as herein pointed out, in another portion of this brief, the defendant's counsel, in the Court of Appeals, very fully presented an argument in his brief, similar to that which he now here presents, regarding the so-called "mechanical feed" machine, and the effect of selling records which might be used in connection with such a "mechanical feed" machine (See Defendant-Appellant's Brief on Appeal p. 191-197).

Complainants-Appellees affidavits on the injunction motion showed that such "mechanical feed" machines were not upon the market, and reviewed the question on pages 191-194 of Appellee's Brief, quite fully.

Therefore, while the *construction* of the so-called "mechanical feed" device was not seriously considered by complainants in the motion for preliminary injunction, *the fact that it was not on the market*, or in general use, was proven by complainants' affidavits, and discussed in its brief and doubtless considered by the Court.

As hereinbefore stated, the so-called "mechanical feed" device is believed to be a mere evasion of the patent in suit, and would not affect the question in any way, but the question of whether it is, or is not an attempted evasion, need not be discussed here for the reason that it can play no part in these proceedings, as it is clearly shown that these machines are not upon the market, and not in use.

Mr. Hicks also refers to the alleged mechanical feed machine and the prior art, and states that he advised the Leeds & Catlin Co., Contempt Record, p. 104, as set forth in the affidavit of Mr. E. F. Leeds. Advice of counsel, we submit, however, under the authorities, is no excuse for the violation of an injunction order, as herein elsewhere set forth.

Mr. Hicks also refers to a proposed form of order submitted by complainants' counsel Contempt Record, p. 103, relative to the decree. The fact is, however, that there was

no material difference in the order submitted and the order entered, as will be seen by comparison of the same.

Mr. Hicks also refers to the decision of Judge Hazel, in 145 Fed. Rep. 149 in the suit of these complainants against the American Graphophone Co., restricting the Berliner Duplicate Record Patent, No. 548,623, to hard rubber. This, however, has nothing to do with the sustained claims in this case, as Mr. Berliner had long before invented his record and reproducing apparatus, the subject matter of claims 5 and 35 of the patent, in suit, No. 534,543, which record then consisted of an etched, or photo-engraved disc, or plate, from which the reproductions were made. The subsequent invention for producing these duplicate records in hard rubber or like material, was an improvement, and of later date and therefore, cannot affect the breadth or scope of the claims in suit. The Jones Patent, No. 688,739, referred to by Mr. Hicks, Contempt Record, p. 105, of December 10, 1901, had nothing whatsoever to do with the scope of the claims in this suit.

Mr. Hicks in his affidavit, admits that the Talk-O-Phone Company, the defendant in the other sister suit to this, manufactured the reproducing apparatus, while the Leeds & Catlin Co., were solely engaged in the manufacture and sale of records. It is apparent, therefore, that the Leeds & Catlin Co., since the injunction, continued making and selling records exactly as it did before the injunction, as it had previously never sold but very few machines.

DEFENDANT TRIES ALSO TO EXCUSE ITS CONTEMPT ON THE GROUND THAT COMPLAINANTS DID NOT ATTACH TO THEIR REPRODUCING APPARATUS, INCLUDING THE RECORD, ANY RESTRICTION WHEN THEY SOLD THEM TO PURCHASERS.

Just why the defendant makes this contention is not apparent, as, clearly, a patentee of a patented article, such

as the combination claim 35, in selling the combination and the parts, is not, by law, obliged to place any such notice of restriction upon his goods. Anybody who makes, sells or uses the patented combination without a license is liable to infringement. The defendant's counsel seems to contend that when complainants sell one element of the combination,—the reproducer,—with the other element of the combination,—the traveling tablet having a sound record formed thereon, or record,—without placing a restriction upon the reproducer at the time of the sale, the purchaser has a right to buy from one who is not a licensee as many additional traveling tablets having the sound record formed thereon, (forming a most essential element of the combination), to be used continuously or at intervals, in lieu of the original record, or alternately with the original record, to produce additional selections, whether the original record, or records purchased are broken, or worn out, or if the purchaser becomes tired of that selection.

If defendants' proposition is true, the complainants will have lost the value of the combination, and the decisions of this Court sustaining the combination as patentable and valid will be practically nullified.

As shown by Mr. Middleton's affidavit (Con. Rec. p. 37) and Mr. Haddon's affidavit (Con. Rec. p. 40) the manufacture and sale of these disc records, forming a most essential element of the combination, is the most valuable portion of complainant's business.

NO INTENTION BY COMPLAINANT BY SALE OF REPRODUCER TO LICENSE ANY ONE TO MAKE AND SELL RECORDS FOR USE ON THE REPRODUCER.

Mr. Haddon's affidavit also states (Con. Rec., p. 40):

"The Victor Talking Machine Company, by the

sale of its reproducing apparatus, never licensed, or intended to license, the purchaser, or anyone else, to supply the travelling tablet or record, the other element of the combination of claim 35, for reproducing sound in accordance with the method of claim 5."

As hereinafter more particularly shown (p. 116 of this brief) there can be no implied license to the purchaser of the reproducing portion of the combination to buy or use infringing records, among other reasons, as complainant's reproducer is sold at a separate price, independent of the price of the complainant's records, and complainant's records are sold at a price independent and distinct from the price of the reproducer.

When, therefore, the complaint sells a reproducer at a price distinct from the price of the record, the purchaser is only paying for a portion of the patented combination. The profit for the reproducing element is only a portion of the complainant's profit for the patented combination, and, therefore, by paying the price only of a portion of the combination, the purchaser could not acquire a right to the whole combination, and the whole combination is not, by a sale of a portion of the combination, relieved from the monopoly. Especially is this true in this particular case, where the complainant manufactures and sells, and stands ready to supply the other element of the combination, which is a large part of its business, and so advertises its readiness to the world, at large expense in monthly catalogues. (See Haddon affidavit, Con. Rec. pp. 40-41; Middleton affidavit, Con. Rec., pp. 34-37.)

Defendant also contends that as the disc records are not separately patented, but only patented in the combination with the reproducer, it is entitled to make and sell records for use in the patented combination. This is substantially the illogical contention set out in Defendant's Brief, p. 28, etc.

The defendant also here substantially contends that be-

cause the complainants, or their licensees, have sold these disc records to the public without special restrictions contained thereon, the sale of this record, being one element of the combination, releases the combination from the monopoly of the patent.

In other words, the defendant in effect contends that the sale of a record, one element of the combination, without any restriction being placed thereon, implies the right to the purchaser to make, or have made for him, by one who is not a licensee, the other element of the combination, the reproducer. This was expressly decided in American Graphophone Co. *v.* Amet (74 Fed. Rep. 789), where Judge Grosscup decided that the sale of a graphophone record did not imply a license to the purchaser to make a reproducer.

Defendant's counsel also contends, (p. 29) that disc sound records, having laterally undulating grooves of even depth, belong, to the prior art.

This contention is not supported by the evidence; but even if it were, it would make no difference in this case, as the patented thing is the *new combination*, and the *new method, or process.*

Defendant's counsel seems to base his contention, in this respect, on certain expired Berliner foreign patents, all of which have been considered in the Injunction proceedings in this case, and also on an Edison Patent, No. 1644 of 1878, and Bell & Tainter Patent, No. 341,214, all of which were thoroughly considered and passed upon in the graphophone case, as well as in the Injunction proceedings in this case.

It is decided, not only in Victor Company *v.* American Graphophone Company, but also in American Graphophone Company *v.* Leeds (87 Fed. Rep. 873), in which latter case Judge Shipman regarded the devices described in this Edison Patent as mere suggestions, and having no anticipatory effect.

RE SO CALLED "MECHANICAL FEED" DEVICES.

The Defendant's Brief (p. 31, etc.) endeavors to make it appear that so-called "mechanical feed" devices, for reproducing sound from flat disc records, have been known for a number of years past.

As shown by the proofs, the only mechanical feed reproducing machines in commercial use at the time of the suit, and at the time of the Contempt proceedings, are the mandrel type of machine, of the phonograph and graphophone, for reproducing from cylindrical records.

The fact that Mr. Berliner, in his patent, No. 564,586, may have stated that that flat disc record recorded on the recording machine shown in Figure 1 of that patent could be reproduced upon it, in no manner affects the situation in this case.

The only question here involved, in this connection, would be whether, at the time of the Contempt proceedings, mechanical feed machines were upon the market, and in common general use, upon which defendant's Contempt Records could be used, for reproducing, and that in the sales of the said Contempt Records the intent was that they should be so used on said so-called "mechanical feed" machines, and that they were sold for this purpose. There is, however, absolutely no evidence in this case that any such mechanical feed machines were in use and on the market, or, in fact, ever had been. Complainants' affidavits show conclusively that there were not. There is no evidence of any records sold by the defendant to owners of such machines.

Attention is called to the defendant's affidavits, especially that of Edward F. Leeds (Con. Rec., p. 52, etc.) and quoted in Defendant's Brief (pp. 32, 33), where it will be noted that while Mr. Leeds tries to create the impression that such so-called "mechanical feed" machines were sold, and in general use, he nowhere states that the one hundred machines which the Leeds & Catlin Company are said to have purchased from the Talk-O-Phone Company, in Oc-

tober, 1906, or any other such machines were ever sold by the defendant. They evidently remained in the possession of the defendant, and *there is no evidence of any sale of any such machines,* or their use, other than the statement of Mr. Leeds, to the effect that the defendant took over from the Talk-O-Phone Company (which was enjoined in the sister suit in this case), one hundred so-called mechanical feed device machines.

The affidavits of Mr. Middleton (Con. Rec., p. 35), and Mr. Haddon (Con. Rec., p. 39, etc.), show that the complainant's apparatus is the only one upon the market for reproducing sound from a record similar to the contempt records.

We submit that defendants contention relative to the so-called mechanical feed machine is illogical and unfounded, and is merely devised for the purpose of trying to evade the decree, among others, for the following reasons:

(1) That this question was raised in this Court upon the argument of the motion for preliminary injunction before Judge Townsend, and the injunction granted nevertheless.

(2) That this question was raised on the appeal to the U. S. Circuit Court of Appeals specially in Defendant-Appellant's Brief, under Points Fourteen and Fifteen (pp. 191 to 198) and not deemed worthy of consideration by the Court, and the decree of the Court below affirmed.

(3) That the so-called "mechanical feed" device of the defendant at best is a mere subterfuge, is a mere attempt to evade claims 5 and 35; that it does not evade them; that the merits claimed for it are spurious; that the device would work better without the so-called "mechanical feed" than with it, and that it infringes the claims.

(4) That the Contempt Records are exactly the same

records in construction and operation as the infringing records sold by the defendant before the injunction, and that the question of whether such a record, if used on such so-called "mechanical feed" machine, would infringe the combination of claim 35, or the method of claim 5, is a question which is irrelevant to this contempt proceeding, as it was before the Court in the injunction proceedings.

(5) That the so-called "mechanical feed" machines are not commercially upon the market, as shown by the petitioners' affidavits, and even if a few such machines had been sold by the defendant since the injunction, or had been placed on sale at a few stores since the injunction (which we deny) this fact would not relieve the defendant from the effect of the injunction, restraining it from selling the apparatus and devices of claims 5 and 35 of the patent, such as the traveling tablet or record, for use in combination with the reproducing apparatus. The defendant in the injunction proceedings produced no evidence to show that the so-called "mechanical feed" machine was on the market—prior to the injunction—E. F. Leeds' affidavit (Injunction Record, they were not. The general sale by the defendant of its records after the injunction would, of course, be contempt.

(6) That the petitioners' proofs show that the defendant, since the injunction, sold records to Thomas W. Luck, Charles M. Hemenover and Charles K. Bennett (Bennett affidavit No. 2), without making any inquiry as to how, or in connection with what reproducing apparatus, the said records were to be used, and sold the same with the knowledge that the only reproducing apparatus in general use, amounting to hundreds of thousands of machines, was that constructed and operated in accordance with the claims of the patent in suit, and which could only be legitimately operated when in combination with complainants' records, forming the other element of the combination, and then

only when the reproducing apparatus was manufactured by the complainants or its licensees. To assume that the defendants were excused from inquiry, or presume that they were to be otherwise used because the defendant may have had a few so-called "mechanical feed" machines upon the market, sold since the injunction, is puerile and unworthy of consideration.

(7) The affidavits of Albert Platz, George M. Thompson and Bennett affidavit No. 1 show that the defendant, since the injunction, sold, in the ordinary course of business, infringing records to these parties, with the knowledge, specially brought to the defendant's attention, that the purchasers had Victor reproducing apparatus, of the Victor Talking Machine Company, and in the case of the purchases of Thompson and Bennett (Bennett affidavit No.), the defendant's representative told the purchasers that the defendant's records sold could be used on a Victor reproducing apparatus or machine. In the case of Albert Platz, they were sold to him with the knowledge that he was a dealer exclusively in Victor talking machines, and dealt in no other machines.

This Very Question was Fully Before the Court Below and the Appeal Court Upon the Injunction Proceedings.

The argument was presented in the Court below, and in the Court of Appeals by the defendant, that the Leeds & Catlin records could be used on the so-called "mechanical feed" machine, and therefore did not infringe. The device and the machine were illustrated in a cut accompanying Mr. Irish's affidavit (Injunction Record, p. 291), and described among other places in Irish's affidavit (p. 280, fols. 857-8—Hick's Aff. p. 96-97; Ensign Aff. 111-112, fols. 333-336, p. 114—fol. 342. Leeds' Aff. p. 293, fol. 878, p. 295, fol. 883.) The so-called "mechanical feed" machine is also illustrated and the alleged merits described in the Appeal Rec-

ord in the suit of the Talk-O-Phone Co., pp. 319,320, 322, and 324.

We would call the Court's attention particularly to the argument of defendant's counsel in the injunction proceedings under Point Fourteen, Appeal Brief, p. 191, etc., where he states, *inter alia*, referring to the records (p. 191):

> "Such records are capable of use with machines of various constructions. The proposition that the making and selling of such sound records can be an infringement of the patent in suit is untenable."

Defendant's counsel also states (Injunction Brief, p. 191):

> "The threatening circular letter of complainant company (p. 211, fols. 632-633) and of complainant's counsel (pp. 212-213) indicate that it is complainants' contention, and that it is complainants' purpose to state to the trade, that all disc sound records are infringements of claims 5 and 35 of the patent in suit. In view of the great injury which has been caused to defendants by reason of complainants' threatening letters to the trade, and because the contention is entirely without foundation, it becomes important, especially for the Leeds & Catlin Company, that this point be passed upon by the Court, should the Court for any reason hold that the patent has not expired, and that claims 5 and 35 are entitled to a construction broad enough to cover defendant's machines."

Defendant's counsel also states (Brief, p. 194)

> "Under the following point, it will be shown that the talk-o-phones operating with the aid of mechanical feed devices cannot possibly be construed as infringements of claims 5 and 35 of the patent in suit and that such talk-o-phones are likewise adapted for use with disc sound records having lateral undulations."

Defendant's counsel also states in this connection (Injunction Bf., p. 194):

"In the affidavit of Leeds (pp. 293-296), it is fully shown that the contention of the moving affidavits that disc sound records having lateral undulations can be used only on machines made according to claims 5 and 35 of the patent in suit is untrue and that the contention of the moving affidavits that machines made according to claims 5 and 35 can be used only with disc sound records having lateral undulations is likewise untrue. Mr. Leeds points out the different kinds of records and talking machines that have been made and put upon the market and are upon the market today and shows that disc sound records having lateral undulations existed long prior to the date of the invention of the patent in suit, and that Berliner himself secured patents covering disc sound records and machines for reproducing sound from the same, and that all of Berliner's said patents have expired. To the same effect in the affidavit of Mr. Irish (pp. 285-288, fols. 853-862), and the affidavit of Mr. Ensign (p. 114).

The affidavit of Mr. Leeds, referred to in defendant's above quoted argument (Injunction Record, p. 293 to 296), states on page 293:

"The Talk-o-Phones Exhibits A and B are such machines, which are constructed according to the feed mehanism of the early prior patents and not according to the alleged invention of claims 5 and 35 of the patent in suit."

These so-called mechanical feed machines, marked "Exhibits A and B" were those produced by the defendant on the motion for preliminary injunction. In Mr. Leeds' attempt to show that such machines were in commercial use, he states, on p. 295 of the Injunction Record:

"On November 2, 1905, at the Imperial Hotel in New York City, I saw the Talk-o-Phone such as Exhibit A, with a mechanical feed device in successful and perfect operation with records of different makes and I know that such machines have been extensively advertised for sale by the Talk-o-Phone Company."

It will be noted, however, that there is no evidence of a sale.

The defendant's counsel, on page 196 of his Appeal Brief, injunction proceedings, refers to the construction of this so-called "mechanical feed" machine, and states:

> "The construction and operation of the Talk-O-Phones with mechanical feed devices are described in defendant's affidavits (aff. Hicks, pp. 96-97; aff. Ensign, pp. 111-112, fols. 333-336, p. 114, fol. 342; aff. Irish, p. 286, fols. 857-858; aff. Leeds, p. 293, fol. 878, p. 295, fol. 883). A copy of the description and claims upon an application for a patent therefor on behalf of the Talk-O-Phone Company is one of defendandt's Exhibits (p. 275). And the machines, Exhibits A and B, show the Talk-O-Phones with the mechanical feed devices, which, as Mr. Irish states in his affidavit, have been advertised by the Talk-O-Phone Company at an expense of from $22,000 to $23,000."

As pointed out in Complainants-Appellees' Appeal Brief in the appeal to the Court of Appeals in the injunction proceedings (p. 191), this so-called mechanical feed machine has only been advertised since the first decision of this Court, sustaining claims 5 and 35 in the case against the American Graphophone Company, and the application for the patent for this so-called "mechanical feed" machine, referred to in Mr. Hick's affidavit for the defendant in the preliminary injunction proceedings (Injunction Record, p. 96, fol. 287) evidently was filed since that date, as Mr. Hicks there states that the first action of the Patent Office on the said application as dated March 8, 1906.

In considering the question of this so-called "mechanical feed" machine in the injunction proceedings, Complainants-Appellees' counsel states (Appeal Brief, p. 192):

> "Manifestly, this alleged "mechanical feed" device, however, is nothing but an attempt at evasion of claims 5 and 35 of complainants' patent in suit, and

the mechanical feed has no useful function to perform. The device will operate better without it than with it.

"The mere fact that the defendants have evidently gone to so much trouble and expense in devising the so-called 'mechanical feed' machine, is strong evidence of their weakness in the defence of the machines in the present motions. If they had substantial belief in the defences which they now present upon these motions, they would have no need of resorting to such means as devising a way out through the assistance of the so-called 'mechanical feed' machine.

"It is obvious that the object of the getting up of this machine by the Talk-O-Phone Company, outside of any stock selling scheme, was to get away itself from the infringements of claims 5 and 35 of the patent in suit, which it manifestly believed were valid, and also to furnish an excuse to record manufacturers, such as Leeds & Catlin Company, for making disc records, so that the Leeds & Catlin Company could argue that their records were intended for use on the so-called 'mechanical feed' machine, and, therefore, did not infringe the patent either by contributory infringement, or otherwise.

"This plan of the Talk-O-Phone Company, which was not materialized, as none of these 'mechanical feed' machines have been placed upon the market, is an obvious one, and, we submit, should be signally discountenanced by this Court.

"The fact is, as shown by complainants' proofs before referred to that outside of the complainants' machine, there is no talking machine upon the market with which such records as manufactured by the Leeds & Catlin Company could be used, except the infringing machines."

This Court, therefore, as well as the Circuit Court, had before it this question of the alleged mechanical feed device, in the injunction proceedings, and it has no place now in contempt proceedings. (See also p. 111 of this Brief.)

RE DEFENDANT'S CONTENTION THAT IT HAS A RIGHT TO MANUFACTURE AND SELL DISC RECORDS FOR EXPORT TO FOREIGN COUNTRIES.

It is not seen how the decision on this point, one way or the other, affects the action of the defendant in selling records at its store just as it had done before the issuance of the injunction, without inquiry as to how they were to be used, and with full knowledge that thousands of infringing reproducing apparatus had been sold, and were in use, which infringing reproducing device the defendant itself had sold, and also with full knowledge that these records were to be used and could only be used in the combination of the claims of the patent in suit.

The statement by defendant's counsel that there is no evidence to show that the defendant has assisted in any infringement, is unfounded for there can be no clearer evidence of infringement than, as above pointed out, that the defendant continued, without any change whatever, in the sale of the records, *the same as it sold before the injunction*, and which it was enjoined from making, using or selling. The sale of these records at defendant's store, without any inquiry as to whether they were to be used on any one of the thousands of infringing machines that have been sold, some of which the defendant itself sold, *and also with full knowledge in other instances that they were to be used on machines of complainant's manufacture*, is we submit conclusive evidence that these records so sold since the injunction were to assist in an infringement, and in violation of the injunction.

RE DEFENDANT'S POINT ONE.

Defendant contends that the sound record is a perishable temporary element of the combination, and that, under the case of Morgan Envelope Co. v. Albany Paper Co.,

referred to, the purchaser of complainant's combination of claim 35 has the right to replace the record, and any manufacturer has the right to make and sell to said purchasers such records for the purpose.

This point is manifestly the main point of defendant's variously stated defences, and is contained on page 42 of the Defendant's Brief.

The defendant's counsel appears to hinge his whole case pretty much upon the decision in the case of Morgan Envelope Co. *v.* Albany Paper Co., decided by Judge Wallace in 40 Fed. Rep., 577, and by the U. S. Supreme Court in 152 U. S. 425.

Judge Lacombe, finding the defendant in contempt (Con. Rec., p. 111), decided that the disc records of the present case were "wholly unlike the toilet paper in Morgan Envelope case (which was destroyed by single use)", and the substitution of the new record could not be "in any legitimate sense **'repair'.** (See Davis Electrical Works *v.* El. Light Co., 60 Fed. Rep., 276)."

The position of the complainants in the present suit is not that they dispute, in any way, the law, as laid down in the Morgan Envelope Co. case, as applicable to the facts in that case, but that they contend, most strenuously, that the facts of the present case are absolutely different from those in the Morgan Envelope Co. case, and that the decision in the Morgan Envelope Co. case was never intended to be so sweeping and far reaching as to include the practically indestructible record disc of the combination of claim 35.

As hereinbefore shown, the defendant has founded his defences upon a false premise, viz.—that the complainant's record is a perishable, temporary element, which the facts do not, and cannot, warrant.

Further, that if the complainant's record would, in time, wear, it is manifestly not a perishable temporary part such as contemplated in Morgan Envelope Co. case, where

the toilet paper was intended, and expected *to be consumed and destroyed by a single use.*

Therefore, the consideration of this Point One of the defendant is rather one of fact than law.

As before stated, the complainants' position is that the decisions in this Morgan Envelope Co. case were never intended to, and cannot apply, to such elements as the practical indestructible disc records of claim 35.

The permanency and durability of these disc records, has hereinbefore been fully considered, and need not here again be reviewed.

The defendants' brief (p. 43, etc.), endeavors, by repetition, to emphasize the alleged temporary character of *complainant's* sound records, which fact, however, as hereinbefore pointed out, has not been proven by defendant's affidavits, Edward F. Leeds (Con. Rec., p. 50) being the only one who makes any specific averment of this character, while, on the other hand, as hereinbefore pointed out, complainants' affidavits of Mr. Middleton and Mr. Kennedy, in the Injunction proceedings, and of Mr. Middleton, in the Contempt proceedings, in addition to the other evidence hereinbefore referred to, show these records to be made of indestructible material, and capable of almost indefinite wear before any appreciable deterioration in tone to the average ear.

We will, therefore, consider somewhat briefly, these decisions in Morgan Envelope Co. *v.* Albany Paper Co.

RE MORGAN ENVELOPE CO. v. ALBANY PAPER CO. (40 FED. REP., 577 AND 152 U. S. 425).

In the reproducing apparatus of claim 35 the reproducing stylus, mounted so as to be free to be vibrated and propelled by the record, is a very delicate acoustical device for

reproducing sound in combination with the traveling tablet having a sound record formed thereon, in the method set forth in claim 5.

The traveling tablet has the sound record formed thereon in a continuous spiral groove of even depth, with the sound undulations in the side walls of the groove, and, as heretofore shown, is formed in hard, durable material. This traveling tablet is a very important piece of the mechanism of the claim, which as the tablet revolves vibrates the reproducing stylus back and forth mechanically in a double cam-like action, at the same time mechanically propelling the reproducing stylus, by reason of the spiral of the record groove, from the periphery towards the centre in a substantially radial line. We see therefore that we have in this traveling tablet having the sound record formed thereon, a most important mechanical element of the combination, constructed to co-act mechanically with the reproducing stylus, the other element of the combination.

In this respect also it will be seen how very materially different this record element of the combination is from the toilet paper in the Morgan Envelope Company case, which was a *product* or material contained in a mechanically operated casing, *to be fed out* by the mechanically operated casing *to be used up and consumed*. The toilet paper in the Morgan Envelope Company case, as held by Judge Wallace (40 Fed. Rep., 580), "*is one for temporary use only*," which "*may be completely used up in a few days.*"

The toilet paper was akin to the wheat in the bins connected with a patent milling machine, or the pulp in the vats connected with a patent paper-making machine, or the small blocks of chocolate in a patent nickel-in-the-slot vending machine, and such like cases where the material is designed *to be fed out to be used up*.

It is respectfully submitted that a careful reading of Judge Wallace's decision in the Circuit Court in this Morgan Envelope Company case will fail to disclose any statement of

the law which would warrant such a construction as defendant's counsel has sought to place upon this decision of Judge Wallace, so as to make it apply to the disc sound records forming part of the combination of the claims in this suit.

Judge Wallace's decision was affirmed by the Supreme Court of the United States on appeal (152 U. S., 501), and we submit that a careful examination of the opinion delivered by Mr. Justice Brown fails to support any such construction or contention which defendant's counsel seeks to place upon it in this case. The Supreme Court stated, *inter alia:*

"The first defence raises the question whether when a machine is designed to manufacture, distribute or serve out to users a certain article, the article so dealt with can be said to be a part of the combination of which the machine itself is another part."

The attitude of the mind of the Court regarding this Morgan Envelope Company case is well illustrated in this connection by the reference which it makes to the log which is sawn in the saw mill; to the wheat which is ground in the rollers; to the pin which is produced by the patented machine; to the paper which is folded and delivered by the printing press.

The fact that the roll of paper in the claim in controversy in the Morgan Envelope Company case, while included as an element of the combination, was a thing to be consumed which the machine fed out, was manifestly the underlying thought of the Court in very properly holding as it did, though the Court did not deem it necessary to decide positively this point, as the facts failed to sustain the charge of infringement. It also appears from the decision of the Supreme Court in that case, "that it had not been the practice of the plaintiff to sell its fixtures independently of its paper, and that they sold only to such parties as dealt in and used their paper."

The Supreme Court, as well as the Court below, based

the decision manifestly upon the theory that the paper was merely the material to be used up, that the fixture which distributed the paper was the real mechanical patentable combination, that the fixture which contained the paper having the knife and cutter therein with mechanism for severing the unwound portion, was the real substantial thing patented, and that the paper which was for consumable use was akin to the log to be sawn, or the wheat to be ground, or the paper to be folded and delivered in the printing press, etc., and that therefore, the fixture being the mechanical patentable feature or main part of the device, others had a right to supply the consumable paper for delivrey from the fixture, in essentially the same way as the farmer would have the right to sell wheat to be ground in the patented mill, or logs to be sawn in the patented saw mill, or the manufacturer of book paper would have the right to sell the paper to be folded and delivered in the patented printing press. And this is conceding, as suggested by the Court, that the consumable paper formed a valid combination with the mechanical fixture.

This distinction, made by both the Circuit Court and the Supreme Court, regarding the consumable character of the toilet paper was, of course, the distinction which caused the Court to decide as it did. This is evidenced, among other things, by the statement of the Supreme Court in considering the question of whether the sale of this consumable material—toilet paper—by an outside manufacturer to the user of the fixture, was an infringement, where it states:

> "We are of the opinion that it is not. There are doubtless many cases to the effect that the manufacture and sale of a single element of the combination, with intent that it shall be united to the other elements and so complete the combination, is an infringement. Saxe *v.* Hammond, Holmes 456; Wallace *v.* Holmes, 9 Blatch. 65; Barnes *v.* Straus, 9 Blatch. 553; Schneider *v.* Poultney, 21 Fed. Rep. 399——"

The Court then goes on to state:

> "But we think these cases have no application to one where the element made by the alleged infringement is an article of manufacture, perishable in its nature, which it is the object of the mechanism to deliver, and which must be renewed periodically whenever the device is put to use."

The complainant's disc record forming part of the combination of claim 35 in the case at bar, manifestly comes under the above decisions cited in the opinion of the Supreme Court in the Morgan Envelope Company case. The complainant's record is not ~~only~~ perishable in its nature in the sense in which the word "perishable" is used in the opinion, but further it is a most essential mechanical element of the combination of claim 35, as hereinbefore pointed out. Claim 35 has only two elements—the first is this traveling tablet having the sound record formed thereon with laterally undulating grooves, and, second, the reproducing stylus shaped for engagement with the record, and mounted so as to be free to be vibrated and propelled, the laterally undulating record grooves in the traveling tablet operating to mechanically vibrate the end of the reproducing stylus back and forth in a double cam-like action, at the same time propelling the stylus point in a radial path from the periphery of the traveling tablet towards the centre.

It is almost impossible to understand how any one can logically argue that such a mechanism as complainant's traveling tablet having the sound record formed thereon, made in practically indestructible material, can be likened to the sheets of toilet paper of the Morgan Envelope Company case, which are intended for consumption and use.

The Court likens again this paper for consumption and use to the log of the saw mill, if it were an element of the combination, and states:

> "This exhibits not only the impossibility of this construction of the patent, but the difficulty of treating the paper as an element of the combination at all."

From this last quotation it is manifest that the Supreme Court regarded the consumable paper as an improper element of a patentable combination.

The Supreme Court here further states:

> "In this view the distinction between repair and reconstruction becomes of no more value, *since the renewal of the paper is in a proper sense neither the one nor the other.*"

The Court then reviews the case of the Cotton Tie Co. *v.* Simmons, 106 U. S., 89, which is not a parallel case.

The Court further in referring to the toilet paper likens it to any product to be placed for delivery in a patented mechanism, and says:

> "The replacement is of a product which it is the object of the mechanism to deliver."

The Court also refers to Wilson *v.* Simpson, 50 U. S., 109, where the thing to be replaced was the cutting knives of the planing machine, which, of course, from the character of the use, were constantly wearing out in the extremely hard usage which rotary knives are subjected to in being run at a tremendous velocity in planing boards of all kinds. This is based on the doctrine of repair of a minor part.

The major part of defendant's brief is interwoven with a consideration of this case of Morgan Envelope Co. *v.* The Albany Paper Co., and in an attempt to show that complainant's hard, durable records are to be likened unto the paper designed for consumption and destruction in the Morgan Company case.

It would seem unnecessary to present any further argument upon this point.

Certain statements are made, however, in defendant's brief, which may be misleading, such as the statement in defendant's brief, p. 43, that complainant's records "may be

worn out or broken, or otherwise rendered unsatisfactory or useless within even the short space of an hour or a day. The record cannot be used in the sound reproducing apparatus for the reproduction of sound therefrom for any considerable number of times without the constant destruction of the record."

There is no reliable warrant in the proofs for this statement, unless it is the understanding that, of course, sound records, like many other patented things, may be destroyed and broken quite readily by improper use.

COMPLAINANT'S INTENTION RELATIVE TO THE RECORDS.

It is manifest from complainant's proofs that the complainant's intention in selling the reproducer and records forming the two elements of the combination of claim 35, to be used in accordance with claim 5, was that the records should be durable and lasting. As shown by defendant's affidavits, some of complainant's records sold for as much as $5 apiece. These are records containing high-priced talent, the complainant frequently paying the talent for one selection as much as $1,000.

It is an unthinkable thing that complainant should attempt to sell, or that any purchaser would buy at the price of $5, a disc record which is as perishable as defendant contends that it is, and could only last a few reproductions.

Mr. Middleton's affidavit (Contempt Record, p. 37) shows that the purchaser frequently expends very much less for the machine than he does for his collection of records, and states that

> "Records are being constantly purchased by the purchaser of a machine from time to time."

As stated by Judge Lacombe in his decision, the substitution of new records are **"more frequently in order to increase the repertory of tunes than as substitutes for worn out discs."**

The complainant's intention as to the durability of the records and that they shall last, is also evidenced by complainant's affidavits on motion for preliminary injunction, particularly of Mr. Middleton and Mr. Kennedy, showing they are made, as hereinbefore set forth, of indestructible material (see Middleton affidavit, Injunction Record, p. 51; and Kennedy affidavit, Injunction Record, p. 60, where he states that these records are "*made of hard, indestructible material*").

This intention is also evidenced by Mr. Middleton's affidavit (Contempt Record, pp. 45 and 46), where he says that the material of complainant's record **"is of the best and most durable character known to us for the purpose."**

Complainant's intention that no implied license by the sale of the reproducer, one element of the combination, was granted to the purchaser to purchase or use or make the hard, indestructible record, the other element of the combination, is shown, among other places, by Mr. Haddon's affidavit (Contempt Record, p. 40), where he states:

> "The Victor Talking Machine Company by the sale of its reproducing apparatus never licensed or intended to license the purchaser or anyone else to supply the traveling tablet or record, the other element of the combination of claim 35 for reproducing sound in accordance with the method of claim 5."

Mr. Haddon also shows at the same portion of his affidavit the intention of the Victor Company was positively to supply the disc records—the other element of the combination—to be used in conjunction with the complainant's reproducer. He states:

> "A large portion of the Victor Company's business

has been and is in the manufacture and sale of disc records for use in connection with the reproducing apparatus which it makes and sells, and a large portion of its profit is derived therefrom. When it sells reproducing apapratus to a purchaser which is part of the combination of claim 35, which is to be used in combination with the other element of the claim sold by complainant, the traveling tablet or record which it also sells to the purchaser at a separate price, distinct from the price of the reproducing element, the profit from the reproducing element is only a portion of complamant s profit, the other portion of which is derived from the sale of the traveling tablet or record. The complainant could no tafford to sell the reproducing apparatus at the price which it does if it were not for the fact that the balance of the profit is to be derived from the records manufactured and sold by the complainant."

If defendant's contention be true that an implied license is acquired by the sale of the reproducer to make and sell records, the converse would also be as logical that for complainant to sell records would imply a license to make a reproducer.

This above proposition should negative defendant's contention, as defendant's contention would thus nullify the decision of this Honorable Court of Appeals in the Graphophone case, and in the injunction proceeding in this case, and in the Talk-o-phone case.

Defendant is manifestly attempting to seek an implied adjudication from this Court of the correlative theory that somebody else can make the other element of the combination, the reproducer apparatus, on the same theory that they are entitled to make and sell the sound records, and thus deprive the complainant of the benefit of the adjudication of the Circuit Court of Appeals in the Graphophone, Talk-o-phone and Leeds & Catlin cases.

As hereinbefore shown, the complainant's sound records have no analogy to the cutter knives of the planing mill in

Wilson *v.* Simpson, before cited, though defendant strenuously contends that they are the same.

In the combination of claim 35 it is not intended by the complainant that the records should be thrown away and put into disuse at short intervals, like the cutter knives. The cutter knives of Wilson *v.* Simpson are more like the little removable needle points in complainant's reproducer, in that the little needle points wear out quite rapidly, and, as shown by the affidavit, are frequently replaced. The cutter knives of the rotary planing machine need constant sharpening from the rough usage given them, and consequently are constantly wearing down. They are more like the typewritten ribbon spools in the case of Wagner Typewriter Co. *v.* Webster Co., 144 Fed. Rep. 405, where the Court held that while the spools were part of the combination, they were merely an *ordinary working part.* This case quite concisely sets forth the distinction, and holds that while an ordinary working part may be substituted, on the doctrine of repair, a chief part of the combination, or a vital element thereof, cannot.

USERS OF COMPLAINANT'S REPRODUCER AS A RULE BUY NEW RECORDS TO INCREASE THEIR REPERTORY.

Purchasers of complainant's reproducer do not buy new records because those formerly purchased from the complainant are worn out and inoperative, but buy them to be added to their previous collection to increase their repertory, as decided by Judge Lacombe. In this manner again the case at bar is to be distinguished from the repairing or replacing of the cutting knives in the planing machine of Wilson *v.* Simpson. In Wilson *v.* Simpson it was held that the purchaser of the planing machine in buying new knives "repairs the damage which may be done to it——"

The doctrine laid down in Wilson *v.* Simpson was actually based upon that of repair, which is an equitable one.

As before stated, the purchaser of complainant's machine could undoubtedly repair the motor used for rotating the traveling table, and also insert or renew the little needles as they became worn out, the device being arranged so that the needles are removable.

RE DAVIS ELECTRIC WORKS v. EDISON ELECTRIC LIGHT CO., 60 FED. REP., 276 (U. S. C. C. A., FIRST CIRCUIT).

Judge Lacombe very properly referred to this case as one of the decisions in support of his finding; the defendant, however (brief, p. 46), criticizes this case, basing his criticism on his statement that "the Carbon Filament is exactly like the Cotton Tie case, and rests upon the same principle, and has no analogy whatever to this case or to the case of the cutter knives or to the case of the toilet paper."

In the Davis Electrical Works case above referred to, it was held that the defendant infringed the Edison Incandescent Electric Lamp patent because he substituted in an old lamp the vital element of the combination, viz., the filiment. The defendant bought old lamps, made a hole in the bulb, put in a new filiment, exhausted the air and closed the hole.

The claim is as follows:

> "(2) The combination of carbon filiments with a receiver made entirely of glass, and conductors passing through the glass, and from which receiver the air is exhausted, for the purpose set forth."

Defendant's counsel criticizes this reference because he holds that there were no temporary parts to be replaced "in accordance with the intention of the vendor." There were no temporary parts in claim 35 to be replaced within the in-

tention of the vendor. Manifestly the carbon filiment in the glass bulbs was of a more temporary and destructible nature than the complainant's sound record of the combination of claim 35, and was very much more perishable. The fact that complainant's sound record is removable from its connection with the reproducing stylus is not because the record wears out quickly at all, but because from the very nature of the invention **a repertory is required.**

It might as reasonably be argued that the purchaser of a *patented music box* of which the spiked *removable barrel* formed a part of the combination, in selling the music box with two or three extra barrels implied a license to the purchaser to make or use additional barrels.

In this case of Davis Electric Works v. Edison Elec. Light Co., the Court said, *inter alia:*

> "In no case has the Supreme Court held that this right (the right of repair) is absolute and universal, or that it may not be limited by express or implied restrictions, either entering into the transaction of the sale of the patented machine or device."

The Court of Appeals also said in this case:

> "The proposition of the appellants that if the injunction stands it gives the complainants below the same benefit as though the patent contained a claim for a filiment alone, serves properly to caution us, but cannot operate as a definitive limitation on our conclusions. * * * So ordinarily if the new element in the combination is associated in the claim with additional elements which in the state of the art there is no practical method of replacing by others, the patentee obtains the same practical advantages as though this new element had been claimed alone—at least until the art makes new discoveries. Neither in such instances nor in the case at bar is the course of the law to be turned aside because the practical result may be to give a patentee for the time being more than the Patent

Office contemplated, nor is the patentee to be deprived of his just rights because under the same circumstances he gets individual advantages beyond what he expressly bargained for."

The Court also stated:

"We do not in terms give the patentee the benefit of a claim for the filiment alone, nor prohibit its use in some other combination than that set out in the second claim, if some ingenious way of making such other combination is ever discovered."

The Court further stated:

"The appellants do not bring themselves within the construction in Wilson *v.* Simpson, 9 How. 125, renewed in substance in Cotton Tie *v.* Simmons, 106 U. S. 94, and p. 52 1 Sup. Ct., to the effect that temporary parts may be replaced 'in accordance with the intention of the vendor.' While the Supreme Court has not expressly given this as a limitation, it may be made effectual as a permit where the facts authorize it."

The Court further stated:

"The suggestion that the worn-out filiment in the Edison device stands for the old burned-out wick in an ordinary lamp is not sustainable. So far from the filiment being the mere wick, it is itself essentially the lamp; that is, the electrical lamp of Edison."

The consumable, burned wick of a patented oil lamp, of which the wick might be a combination, would be a parallel case with the toilet paper in Morgan Envelope Co. *v.* Albany Paper Co.

The Court in this case of Davis Electrical Works v. Edison Co., notwithstanding the fragile character of the filiment, held that to replace it was an infringement of the patent.

FURTHER CONSIDERATION OF THE MORGAN ENVELOPE COMPANY CASE IN THE SUPREME COURT AND JUDGE WALLACE'S OPINION THEREIN (40 Fed. Rep. 577.)

Defendant's counsel (defendant's brief, p. 50), treats of the opinion of his Honor Judge Wallace in this case in the Circuit Court, and the endeavor of defendant's counsel is to show that the opinion in this Morgan Envelope Company case in the Court below was intended to include such parts of the combination as complainant's sound record in this case, which, as has been heretofore shown, was a most important mechanical element of claim 35, coacting and cooperating with the reproducing stylus, the other element. Defendant's counsel tries to liken it to the consumable roll of paper and to fit Judge Wallace's opinion upon the case at bar.

As I have hereinbefore considered this question of what appears to the complainant to be a radically different question from that involved in the Morgan Envelope Company case, it will be unnecessary to enlarge again upon this subject. Suffice it to say that it is apparent from a careful reading of Judge Wallace's opinion that the underlying fact upon which that decision was based was, as stated in the opinion, that "The paper as an element of the patented invention is *one for temporary use only*. The fixture proper is a durable device which is designed to last for many years; while *the roll of paper may be completely used up in a few days.*"

It is not assumed that Judge Wallace intended to make any such broad statement of the law as contended for by defendant's counsel, that the purchase of a patented device so releases it from the monoply that the purchaser may manufacture, without further license, vital elements of the combination, such as the hard disc records in this case, and manufacture *ad libitum* any number of them for use in connection with the other element of the machine.

Judge Wallace states:

> "The purchaser who buys a machine or device, patented or unpatented, without any restriction as to the mode or extent of the use to which he may apply it, acquires all the rights of the seller, and may do with it whatever the seller might have done if he had not parted with it."

What Judge Wallace meant by this is apparent from the next sentence, wherein he states:

> "He acquires the right to use it, or repair it, and to sell it to others; and those to whom he sells acquire all his rights."

The Court also held that if the purchaser may lawfully repair, it is immaterial if he procures another to do it for him, if the act when done does not violate the rights of the owner of the patent.

It is understand by complainants that Judge Wallace in rendering this decision did not mean to be interpreted as going any further than the well settled doctrine of repairs warrants. It may be fairly inferred from Judge Wallace's opinion that it was not intended by the Circuit Court to go any further than the doctrine laid down in Wilson *v.* Rosseau, 4 Howard, 647, or in Wilson *v.* Simpson, 9 Howard, 109, cited by the Court.

That Judge Wallace was confining his decision within the limits of the doctrine of repair is also evident from the statement on page 581 of the decision, viz.:

> "If it (the right to repair a patented article) did not exist, the value of most patented articles would be materially lessened, and thus the owner of the patent as well as the public would fail to derive the full benefit of the invention. There is nothing inconsistent with these views in the case of Cotton Tie Company *v.* Simmons, 106 U. S. 89——"

Of course, the doctrine of contributory infringement has no application to a case where the alleged infringer does

no wrong, or does not concert with another to do wrong. Hence there was no contributory infringement in the Morgan Envelope Company case.

If, however, it is found that the party charged with contributing to the infringement has done a wrong in this respect, he, of course, is liable for contributory infringement, as in the suit at bar.

The basic principles upon which Judge Wallace's decision was founded in this case were the same as those upon which the Supreme Court affirmed the decision, viz., that the paper was *intended for consumption in use*, and as an element of the combination it was merely one for temporary use only, and was merely placed in the holder or other portion of the combination *as a product or material to be fed out to be used up*, and from the very nature and construction of the thing this was the intention of the owner of the patent.

Therefore the question involved in the Morgan Envelope Company case, instead of being the precise question here involved, as stated by defendant's counsel on page 50 of the brief, is a radically different proposition, and should have no bearing upon the question involved in this case.

DEFENDANT ALSO AN INFRINGER IN SELLING RECORDS WHERE THEY ARE USED OR INTENDED TO BE USED ON INFRINGING REPRODUCING APPARATUS.

Defendant admits (brief, p. 53) that:

> "The sale of a record by defendant for use upon an infringing machine, that is to say, for use upon a machine not sold by complainants or their licensees, would clearly constitute contributory infringement."

Defendant's counsel contends that there is no proof that the defendant after the injunction sold sound records for use upon an infringing machine. It is shown, however, by

complainant's proofs (Middleton affidavit, Contempt Record, p. 36), that there were in use at the time of the Contempt sales thoroughout the United States many hundreds of reproducers which had been made and sold in violation of the claims of the patent in suit, among others notably the Talk-o-phone machines enjoined by this Court, which were in use in the homes of individuals, hotels, restaurants, places of amusement, and so forth. Mr. Middleton also shows that the owners of these machines are constantly purchasing disc talking machine records for use in combination with this reproducing apparatus, from dealers selling infringing records, such as the disc records which the defendant company has sold and is now continuing to sell, thus depriving the complainant of a very considerable portion of the renevue from these records which form an essential and important element of the combination.

Mr. Middleton also shows that the purchasers of the infringing machines, such as the Talk-o-phone, who at the time of purchase purchased the Leeds & Catlin records with it, are very apt to continue purchasing the make of record which they originally purchased with the infringing machine if the defendant company is allowed to continue the manufacture and sale of the Contempt Records.

Re Intent to Infringe.

The defendant therefore when these records were sold over the counter since the service of the injunction, had reason to believe that the infringing records thus sold (except those which were sold with knowledge that they were to be used in connection with complainant's reproducer), might and probably would be used in combination with some of these infringing reproducers; it was shown by the proofs in the injunction proceeding that the defendant company supplied large quantities of records for the Talk-o-phone users.

In the case of Thompson-Houston Electric Company *v.* Ohio Brass Company (80 Fed. Rep. p. 712), Judge Taft in delivering the opinion of the Circuit Court of Appeals for the 6th district, said relative to this question as to intention to infringe:

"But where the article can only be used in a patented combination the inference of the maker and seller is certain, and the right of the patentee to injunction ought we think to be equally certain."

THOMSON-HOUSTON ELECTRIC CO. v. OHIO BRASS CO., 80 FED. 712 (C. C. OF A., SIXTH CIRCUIT).

The attention of the Court is called to the decision of Judge Taft in this case on the question of contributory infringement where the authorities are quite fully reviewed.

> "It is well settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such a combination he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. The leading case on the subject is Wallace *v.* Holmes, 9 Blatchf. 65; 29 Fed. Cas. 79. * * * An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some concert of action between him who does the injury and him who is charged with aiding and abetting before the latter can be held liable. When that is present, however, the joint liability of both the principal and the accomplice has been invariably enforced. If this healthful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised by the constitution and laws of the United States to inventors is a poor sham. Many of the most

valuable patents are combinations of non-patentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, make it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts, and otherwise, intentionally solicit and promote such invasions of the patentee's rights."

Judge Taft further stated:

"It is said that no concert of action by defendant with any one for the purpose of accomplishing an infringement of complainants' patent rights is shown. As already stated, it does appear that defendant is offering for sale articles that can only be used in combinations covered by complainant's claims. This is an effort to secure a concert of action by which the combinations of complainant's patents may be assembled. If successful infringements will follow; hence the preliminary steps which are intentionally taken to bring about the injury may be enjoined."

WALLACE v. HOLMES, 9 BLATCH. 65; 29 FED. CASES, 79.

In this case Judge Woodruff said:

"Here the actual concert with the other is a certain inference from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which can only be done by adding the chimney. The defendants have not, perhaps, made an actual pre-arrangement with any particular person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done."

This doctrine is quite analogous to that involved in the consideration of the subject of contributory infringement, and is covered by the cases there referred to.

ADDITIONAL AUTHORITIES RE CONTRIBUTORY INFRINGEMENT AND PRESUMPTION OF INTENT.

Schneider *v.* Poutney, 21 Fed., 399.

This case was decided by Judge Nixon, in the Circuit Court, for the District of New Jersey. This was a suit under a patent to one Votti, for a Shade Holder for Lamps, and is particular in point. Judge Nixon in the opinion, p. 403, says:

> "The allegations of the bill of complaint, as to the infringement of the defendant, are (1) that certain shade-holders, made and sold by the defendant, are only used in Votti's combination, and are not applicable to or useful for any other purpose; and (2) that the defendant knew this fact, and made and sold said shade-holders with the knowledge that they could be used by the purchaser thereof in constructing said patented combination in infringement of said patent, and that he made and sold them for that purpose."

Thus we have a parallel with the case at bar, for we have shown that these defendant records are only used in the combination of the patent in suit, and are not applicable to or useful for any other purpose; and further that the defendant knew this fact and made and sold these sound records with the knowledge that they could be used by the purchaser in the patented combination. The learned Judge then further states, as follows, p. 403:

> "In regard to the first allegation, the complainant's expert, Brevoort, and his agent in patent matters, Hanford, both explicitly state that they know of no other uses to which the shade-holder made by the defendant and complained of by the complainant, can be applied, except in combination with the other devices of the Votti patent, and that they never heard of their being put to any other use. This testimony stands uncontradicted except by the suggestion of defendant's counsel of possible use to which such shade-holders might be applied. I recollect nothing from the defendant himself or from any of his witnesses which shows, in fact, any other application."

As in the case at bar, we have the affidavits of Haddon, Middleton and Kennedy, that they know of no other use to which the sound records of the defendant can be applied, and this testimony stands uncontradicted except by the suggestion of the opposing affidavits, that a mechanical feed machine has been advertised, *but not sold*. The learned Judge then says, p. 403, regarding the second allegation that,

> "As to the second allegation, referring to the intent of the defendant in his manufacture of the shade-holder, I think it is fairly to be inferred, (1) from the conversation of the defendant with Hanford; (2) from his attempts to get from the complainant an exclusive right to manufacture the shade-holder; (3) from the tenor of the circulars that he prepared and sent out; and (4) from his absolute silence when upon the witness stand in regard to any other use for which he manufactured them, that his intent in making and selling them was to have them used in combination with the other devices of the complainant's patent."

So also in the present case, we submit the inference is stronger when it is borne in mind that Leeds knew that thousands of infringing machines were in public use all over this country and that these defendant records could only be used with that class of machine, in the combination of the patent in suit, which machines this defendant had also sold, and also knew that this alleged mechanical feed machine was not on the market. With the facts as above set forth, Judge Nixon stated, p. 403, the law as follows:

> "The law in such cases has been quite definitely settled. The first case to which I would allude is the leading one of Wallace *v.* Holmes, 5 Fisher, 37. The patent there was also for an improved lamp, consisting of the combination of several parts. The alleged infringement was for the manufacturing and selling one of the elements of the combination, to wit, the burner. It was used in combination with a chimney, and the purchasers of the burners were expected to go into the market and procure the chimneys from other manufacturers. Judge

Woodruff held that the defendants could not protect themselves by invoking the well-settled rule that where a patent is for a combination merely, it is not infringed by one who uses one or more of the parts, but not all, to produce the same results either by themselves or by the aid of other devices; but that if one party consented to make the burner, and another party the chimney, and each was sold to be used with the other, the parties must be deemed to be joint infringers of the patent, and that each was liable for all the damages. The learned Judge drew the inference of an actual concert between the parties from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which could only be done by adding the chimney. *He admitted that he found no proof that the defendants had made an actual pre-arrangement with any particular person to supply the chimney to be added to the burner; 'but,' says he, 'every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done. The defendants are, therefore, active parties to the whole infringement, consenting and acting to that end, manufacturing and selling for that purpose.'*"

Therefore, as we have seen in Bullock Co. *v.* Westinghouse Co., *supra,* and in this case of Schneider *v.* Pountney, that where one element of the combination is made and sold, with the knowledge that it can only be used in the patented combination, the intent that it shall be used and the intent to contribute to the infringing act is presumed to have been shown and that it is not necessary to show the same affirmatively, for as Judge Nixon, in Schneider *v.* Pountney, said, that although he found no proof that the defendant had made an actual prearrangement, he drew the inference of an actual concert.

In Walker on Patents, in discussing the subject of contributory infringement, the author states, Sec. 407:

"Contributory infringement is intentional aid or co-operation in transactions, which collectively consti-

tute complete infringement. For example, where a person furnishes one part of a patented combination, intending that it shall be assembled with the other parts thereof, and that the complete combination shall be used or sold, that person is liable to an action, as infringer of the patent on the complete combination."

Citing authorities. Further on in this section the author also states:

"Furthermore, where a person furnishes a machine, composition of matter or other article, which is particularly adapted to be used in performing a patented process, and which the person furnishing the same intends shall be thus used, that person is liable as a contributory infringer for any infringement which afterward occurs in accordance with his intention."

In support of this proposition the author refers, among others, to the following cases:

BOYD v. CHERRY, 50 Fed. Rep., 279.

The patent involved in this suit was for a process of raising cream which consisted mainly in water-sealing the milk within the vessel containing it, and also submerging said vessel in water. The defendant made and sold a milk can within which the milk could be water-sealed, and which could be submerged in the water.

The Court stated, in granting the injunction, as follows:

"I doubt very much whether the mechanical appliances described in each of the patents is patentable aside from the process. Considered merely as cans or milk vessels, there would seem to be little, if any, novelty in them. But however this may be, it appears, from an inspection of the Cherry patent itself, that it is intended to cover the process, and that the cans are to be used only for the purpose of raising cream in the manner

described. Besides, the evidence discloses the fact beyond question that the respondent manufactures the "Hawkye pan" and sells it to customers to be used by them in raising cream from milk according to the process described in the Cooley patent. He advertises and sells the can for this very purpose. They are especially adapted to it, and to no other, and the inference arising from their sale, that they are to be used would be very strong. When it is added that they are generally, if not always, accompanied by directions to purchasers as to the mode of using them, which directions require the adoption and use of the Cooley process, it becomes very clear that the fact of infringement is established. Bowker *v.* Dows, 3 Ban. & A. 518; Chemical Works *v.* Hecker, 2 Ban. & A. 351; Wallace *v.* Holmes, 9 Blatchf. 65."

So also in the case at bar, for although the defendant denies the patentability of the record by itself, yet the records which it is selling are capable of use and are intended for use with the reproducer of claim 35, and to be used in carrying out the process and method of claim 5. It is not necessary, in this talking machine art, to put special directions upon the records as to the mode of using them, for there is absolutely no other use for such an article except for reproducing upon a disc talking machine of the character of the patent in suit, and as manufactured by the Victor Talking Machine Company.

Celluloid Mfg. Co., et al., v. American Zylonite Co., et al., 30 Fed. Rep., 437.

The claim of the patent in suit was for a fabric for the manufacture of collars and cuffs, etc., having outer sheets or layers of celluloid, and an inner lining of textile or fibrous material. In this case, two sheets of cloth or muslin, with a paper inner lining, was made by the Taylor & Tapley Company, one of the defendants; then the Zylonite Company placed a thin sheet of zylonite on one side of this fabric

and returned it to the former company, which latter turned down the zylonite so it would be on both sides of the collar, and the defence was that neither made the patented article, and Judge Shipman writing for the Court stated:

> "It is apparent that the American Zylonite Company made the compound sheet for the Taylor and Tapley Company, with knowledge of the method in which it was to be used by that Company in the manufacture of collars, it was engaged with the other defendants in a common purpose to avoid the patent, and, in connection with them, it actually, by their concerted action, infringed the patent."

A motion for preliminary injunction was granted, and in the present case, complainants' affidavits show that the defendant was aware that the records sold by it, and produced in these contempt proceedings, were to be used in completing the combination of the claims of the patent in suit, and in infringement of said patent.

Alabastine Co. v. Payne, 27 Fed. Rep., 559.

The claim of the patent involved was for,

> "a calcimining compound, adapted to be used with brushes, composed of pulverized calcined gypsum, dissolved glue, and cold water, substantially as described."

The defendant used a dry mixture of pulverized calcined gypsum and glue, which the purchaser reduced to liquid by dissolving in water, and it was claimed that defendant did not infringe the patent. Judge Coxe in denying the motion to dissolve the injunction said:

> "In selling a compound which he knows cannot be practically applied without making the user a trespasser, the defendant, within the doctrine of the following authorities, renders himself an accessory to the infringement: Rumford Chemical Works *v.* Hecker, 2 Ban. & A. 351, 363; Cotton Tie Co. *v.* Simmons, 106

U. S. 89, 94-95; S. C. 1 Sup. Ct. Rep. 52; Tilghman *v.* Proctor, 102 U. S. 707, 728; Goodyear *v.* Railroad Co., 2 Wall Jr. 356, 359; Wallace *v.* Holmes, 9 Blatchf. 65; Woodward *v.* Morrison, 1 Holmes, 125; Bowker *v.* Dows, 3 Ban. & A. 518; Travers *v.* Beyer, 26 Fed. Rep. 450."

This case was cited by Judge Nixon, in the District of New Jersey, in Rumford Chemical Works *v.* Hecker (2 Ban. & A. 351; Federal case, No. 12,133) in deciding that a defendant infringed who sold the constituents of complainant's patent with intent and further purpose of enabling the infringer to turn the compound into bread by the application of water and heat.

And the Courts have gone farther and held that all those who took part in aiding the sale and use of an article in infringement of a patent are liable to be enjoined for such acts.

American Cotton-tie Supply Co. v. McCready, et al. (17 Blatch., 291; Federal case No. 295).

Bill was brought against the officers of the Old Dominion Steamship Company, upon whose steamships the infringing cotton-ties were shipped from New York to ports in southern parts of the United States, where they were sold and used, the defendant refusing to disclose the names of the parties from whom the ties were received, and Judge Blatchford, writing for the Court stated:

"It is entirely clear that the owners of infringing and unlicensed cotton ties, who are causing them to be transported by the vessels of the Old Dominion Steamship Company, are sending them for sale and use, and are employing said company and its officers as agents and servants in promoting and effecting such sale and use. It would seem, on principle, that there ought to be no difficulty in restraining by injunction all persons, whether officers of a corporation or not, who are aiding

in the promotion of the infringing sale and use, whether such persons would be liable for profits or damages or not. It has been so held by this Court."

This was a case, as will be seen, where the defendant had not even manufactured, used or sold the infringing article or any part of it.

Robinson on Patents, Vol. 3., Sec. 905;

> "To sell a part of the invention with the intent that it shall be united or used in connection with its other parts, to sell a different article with the intent that in its use it shall become the one claimed in the patent, to transport knowingly for use and sale in collusion with infringing makers or vendors, are also acts of infringement."

Snyder, *et al.*, *v.* Bunnell, *et al.*, 29 Fed. Rep. 47.

The statement of Coxe, J., in the above entitled cause is particularly in point (Page 48, 29 Fed. Rep).

> "The complainants invoke the doctrine of contributory infringement, the clearest illustration of which is, perhaps, found in Wallace *v.* Holmes, 9 Blatchf. 65. In that case the complainants had a patent for a burner in combination with a chimney. The defendants manufactured and sold the burner, leaving the purchaser to supply the chimney, without which the burner was useless. The burner could not be used without infringing the patent. All this the defendants knew. It was because of this use and this knowledge that they were held liable. See, also, Richardson *v.* Noyes, 10 O. G. 501; Bowker *v.* Dows, 3 Ban. & A. 518; Alabastine Co. *v.* Payne, 27 Fed. Rep. 559; Travers *v.* Beyer, 26 Fed. Rep. 450; Cotton Tie Co. *v.* Simmons, 106 U. S. 89; S. C. 1 Sup. Ct. Rep. 52."

The Doctrine of Repair Has No Application to the Present Suit.

It is respectfully submitted that the doctrine of "repair" cannot be invoked in this case.

Davis Electrical Works v. Electric Light Co., et al., 60 Fed. Rep., 276.

In this case it was held that the defendant infringed the Edison incandescent electric lamp patent, because he substituted in an old lamp the vital element of the combination, viz., the filament. The defendant bought old lamps, made a hole in the bulb, put in a new filament, exhausted the air, and closed the hole.

The claim read as follows:

> "(2) The combination of carbon filaments with a receiver made entirely of glass, and conductors passing through the glass, and from which receiver the air is exhausted, for the purposes set forth."

Thomson-Houston Electric Co. v. Kelsey Electric Railway Specialty Co., et al., 75 Fed. Rep., 1005 (C. C. of A., Second Circuit).

In this case, while the Court held that a broken trolley stand, one of the elements, might be replaced, it said:

> "It is not intended to permit the unauthorized substitution of the vital and distinctively new part of an invention in place of one worn out by use, as the substitution of a new filament in an Edison incandescent lamp or the substitution of a new for the old burner in the Wallace case."

Merrin v. Robert White Engineering Works (C. C., 138 Fed. Rep., 68).

This case stated numerous instances where repairs could be effected of ordinary working parts, and concluded:

> "But a part of a combination may not be replaced by the purchaser when it is the vital element of the combination, in fact, and in regard to patentability, especially when it is not intended to be of short life by the action of external forces thereon."

Red Jacket Manufacturing Co. v. Davis, 82 Fed. Rep., 432 (C. C. of A., Seventh Circuit).

In this case it was held that the making and selling of pumps, leaving out one of the important elements to be supplied by the purchaser was an infringement. The Court said:

> "They do not indeed make the lower cylinder, but they manufacture pumps to be used in tubular wells, the tube and valve placed therein supplying the lower cylinder and valve of the patent. Their pumps are inoperative and useless unless so constructed. The case presented is therefore on of contributory infringement."

STEARNS *v.* PHILIPS, 43 FED. REP. 792.

In this case the Court held that while the making of the bars for the patented window frame screen was not in itself an infringement, the making of them with an intention to combine them in the patented device was an infringement.

By defendant's citation of the case of Aiken *v.* Manchester Print Works, 2 Cliff, 435 (Defendant's Brief, p. 59), he attempts in substance to contend that if any element of a patented combination, even though a combination consisting only of two elements, no matter how vital and important the element may be, is not patented itself by separate patent independent of the patent of the combination, the purchaser of the combination and any one for him can make that vital and important element *ad libitum*.

Under circumstances of this character his argument would apply equally as well *to the other element* of the combination, and as a consequence involve a *reductio ad absurdum*, viz, that all the elements could be re-made and in multiple quantities, thus practically annulling and destroying the patent of the combination, even though the

same may have been sustained by the highest Court of the land.

In the case of Aiken *v.* Manchester Print Works the needles of the knitting machine were also patented by a separate patent, but this case did not mean to decide that only such elements of a patented combination which were patented by a separate patent could be protected against contributory infringement.

The attention of the Court is called to the case of Wagner Typewriter Co. *v.* Webster Co., 144 Fed. Rep. 495, cited on page 59 of defendant's brief, in which Judge Ray reviews the authorities quite fully and the extent of the doctrine of repair. He distinguishes between an element of the combination which is an *ordinary working part* and an element of the combination which is *a vital element.*

RE DEFENDANT'S POINT TWO.

Under this head the defendant contends that the purchaser of a patented combination has the legal right immediately to substitute for an important or essential element of the combination one which he conceives to be *better suited* to his purposes, even though such element was intended to be permanent.

Defendant's counsel in an attempt to support this proposition (brief, p. 60), refers to the Trolley Stand decision in the case of Thompson-Houston Electric Co. *v.* Kelsey Electric Railway and Specialty Co., et al., 75 Fed. Rep. 1005. This is a decision of this Honorable Court of Appeals for the second circuit rendered by Judge Shipman.

The trolley stand, so called, was the means by which the trailing arm was hinged and pivoted to the car, which arm has a capacity for lateral and vertical movement, and is pressed upward by some suitable spring. No particular

stand was included in the patent. The defendant sold stands, one of which was purchased and used for the purpose of the infringement complained of.

This case involves a very materially different question, in that among other things the trolley stand was not the vital element of the combination, such as the defendant's record in suit at bar, and the Trolley Stand case turned upon the doctrine of repairs in cases similar to that of the replacement of the knives in the planing machine in Wilson *v.* Simpson, 9 How. 109, and like cases, the Court distinguishing the Trolley Stand case from the Filiment in Davis Electrical Works *v.* Edison Electric Light Co., 60 Fed. Rep. 276. The Court in deciding the right to replace the trolley stand said:

> "It is not intended to permit the unauthorized substitution of the vital and distinctively new part of an invention, in place of one worn out by use, as the substitution of a new filament in the Edison Incandescent Lamp, or the substitution of a new for an old burner in the Wallace case, *supra* (Holmes *v.* Wallace, 9 Blach. 65; Fed. cases, No. 17,100), but the trolley stand is not the vital element of the invention, though a portion of it is an element of the combination. It is the means, and in most cases the non-patented means, for there are numerous forms of these bases by which the pole is permitted to perform it functions."

It also appeared in this case that the purchaser of the trolley stand had a reason for substituting this stand, which was less elevated above the top of the car than complainant's stand, because of the low bridges under which the trolley cars on some of the streets were obliged to go, and that the defendant had a right to sell and the purchaser to use such a stand for the purpose.

In this case his Honor Judge Wallace filed a dissenting opinion, in which he set forth the fact that the defendant had a perfect right to make such an element of the patented combination as a trolley stand, and that the defendant was

under no obligation to inquire whether the purchaser intended to make an illegal use of it. In that case there was apparently no evidence that the defendant knew that the trolley stands were to be used by the defendant in the patented combination, and there was no obligation on the defendant to inquire.

In the case at bar, however, the defendant sold a most vital element of a two-part combination with the knowledge in one instance that the purchaser, Platz, dealt exclusively in complainant's patented goods, machines and records, and in another case sold to individuals with the knowledge that they were to be used on complainant's reproducer. Bennett's affidavit (Contempt Record, p. 28), states, "I asked him (defendant's salesman) if I could use these (defendant's contempt) records on this Victor Talking Machine (a Victor V) and he told me that I could, and went on further to state that he had at his home a Victor Talking Machine on which he played similar records." Also Thompson's affidavit (Contempt Record, p. 31), states:

> "I then asked said (defendant's) salesman if I could use said records which I so intended to purchase on a talking machine of the manufacture of the Victor Talking Machine Company, and said salesman in reply to said inquiry said that I could."

He then bought the said records.

Judge Wallace in this connection states, in the above mentioned case:

> "One who assists another to infringe a patent is, of course, a *tort feasor;* and whether he is called a contributory infringer or merely an infringer is only a matter of nomenclature."

Judge Wallace, however, shows that where the evidence of unlawful intent on the part of the defendant is shown in cases of this character there is contributory infringement.

The order in this above mentioned case was particular to state, *"but this permission does not give authority to reconstruct or rebuild a combination which has been sold by the complainant."*

This case allowed the right to substitute a metal trolley stand, which was a minor element of the combination, for the one purchased from the patentee, as the purchaser, the trolley company, found that the original stand was elevated too high above the roof of the car for convenience in going under certain low bridges.

It will be noted that this was *a substitution,* that is, the old stand was discarded and the new one put in its place. This has nothing to do with the proposition of the purchase of numerous sound records as a means of increasing a repertory.

It is respectfully submitted that there is nothing in this trolley stand case which is in conflict with complainant's position, and that it certainly does not support the defendant's position as regards the present case.

Defendant Contends it has Right to Substitute or add 1000 Records.

Defendant's counsel contends (Defendant's Brief, p. 63), that if the purchaser has the right to substitute one sound record for a sound record purchased from complainant with the reproducer, he has the right to substitute or add *a thousand records* for use on the reproducer, as well as a single record, for the original one purchased.

This we submit is clear evidence of the extremes to which defendant's doctrines go, and of the erroneous position which defendant's counsel has taken.

This is substitution run wild.

The complainant' poition is in no manner contrary to the principles laid down n Chaffee *v.* Belting Co., 22 How., 217, and cases therein cited, but the principles therein stated

are in accord with the principles underlying complainant's contention.

In the present case the complainant's reproducer, as shown by Mr. Haddon's affidavit, which is only one part of the combination, is sold for a price which only relates to the reproducer. Complainant's records, though they may be sold with the reproducer are sold for a distinct, independent price, and the purchaser can purchase as many records with each reproducer from the complainant as he desires to, either at that time or from time to time thereafter. The sale of the reproducer only pays a royalty on that one element of the combination, and it therefore cannot free the other element. The sale of the record at an independent price frees that particular record, but it does not free the other element.

As shown by Mr. Haddon's affidavit, if the sale of the reproducer, one element of the combination, was going to free also the record, the other element of the combination, without a purchase of that element of the combination from the complainant, then the price of the reproducer, in order to give to the complainant its proper reasonable profit for the entire patented combination, would have to be changed and raised.

It is therefore clear that the doctrines of Mitchell *v.* Hawley, 16 Wall., 544, and other cases cited on pp. 65-67 of defendant's brief, have no application, at least as far as this point is concerned, to the case at bar.

RE DEFENDANT'S POINT THREE.

Defendant very naturally seeks to draw a distinction between the decision of Judge Shipman in American Graphophone Co. *v.* Leeds (87 Fed. Rep., p. 873), and Same *v.* Amet (74 Fed. Rep., p. 789), on the one hand, and the infringement in the case at bar on the other hand. (See Defendant's Brief, p. 68, etc.)

Re American Graphophone Co. v. Leeds.

The decision of Judge Shipman, in the case of American Graphophone Co. *v.* Leeds, *supra*, is markedly applicable to the case at bar, as the circumstances of the two cases are quite similar. Some of the claims of the patent in suit involved the combination of the reproducing style, and the wax cylinder record of the vertically undulating type. The defendant sold an infringing reproducer for the purpose of reproducing sound from records made and sold by the complainant. The defendant defended largely on the ground that, as the complainant sold the records, the purchaser had an implied license or right to supply the reproducing element. Judge Shipman, however, held that this was not so, and that the sale of the reproducing element was a contributory infringement.

He said (87 Fed. Rep., p. 878):

> "The defendants' device is an economical infringement of one element of the claim, which is sold for the purpose of being used in connection with the other element. The design of the defendants' machine, and their intent in selling it, are to have it used in connection with the engraved sound record of the complainant. * * * Infringement of the combination of claims 22, 23 and 24 is the legal result."

The Court had previously said that

> "The defendants' machine is simply for the purpose of reproducing the customary wax-like sound records of the patent, which are cut in a groove with sloping walls."

It is respectfully submitted that the circumstances of this Leeds case, and of the case at bar are very similar, and that the doctrines as laid down by Judge Shipman, are decisive of the case at bar.

Defendant's counsel, however, (Defendant's Brief, p. 68, etc.) attempts to differentiate this case from the case

at bar, on the ground that the reproducer was sold by the defendant in that case, and not the record, and that, therefore, the reproducer corresponded to the fixture of the Morgan Envelope Co., case, and the planing machine case, and differed, therefore, from the case at bar.

It will be observed, however, that Judge Shipman practically decides this point involved in the case at bar, by showing that the reproducer of a talking machine is no more important an element than the sound record. He shows that they are both equally important to the patented combination, and says that they are *"equally important."*

Judge Shipman, said:

> "The material of the record and the reproducer are each necessary parts of the invention. Either part without the other would be ineffectual, but in combination both tend to make an operative and successful instrument."

Judge Shipman also here quotes from the decision of Judge Grosscup in American Graphophone Co. *v.* Amet, (74 Fed. Rep. 789) where Judge Grosscup also regards the two elements of equal importance, in fact, he seems to regard the sound record of greater importance, if anything.

Judge Grosscup says:

> "Either, without the other, would be useless for the purpose of a graphophone or phonograph. Together they bring about a successful result. They therefore constitute a patentable combination."

Judge Shipman also says:

> "This peculiarity of the dual invention of the material for an engraved record and the reproducer, and the fact that the latter was brought into being to make the former of practical value, is of much importance in the proper construction of the quoted claims of the patent, if it should be held that the reproducer alone, though novel, is not patentable."

It will therefore be seen that both Judge Shipman and Judge Grosscup, in these cases, in considering a sound reproducing apparatus, consisting of a reproducer and a record; **regarding the record as of equal, if not greater, importance than the producer element.**

It will also be borne in mind that the case at bar is even stronger in this regard than the American Graphophone *v.* Leeds, or the Amet case, as in those cases the record element was a destructible *wax* cylindrical record, not a record of hard, indestructible material, like the complainants' disc in this case.

It is, therefore, apparent that neither Judge Shipman nor Judge Grosscup regarded the reproducing element of the combination as any more durable, or important, than the record element, and that defendant's effort to liken these cases to the Morgan Envelope Co., case, and to the planing machine case must fail.

We have, therefore, the material question involved in the case at bar substantially adjudicated in American Graphophone Co. *v.* Leeds, and in the Amet case.

The defendant also (Brief, p. 68) tries to distinguish these cases from the case at bar, on the ground that they were for contributory infringement.

That is exactly what the defendant in the case at bar is liable for, among other things. The cases which have held that they were not cases of contributory infringement, are cases where the defendant has been held to do no wrong, and of course, therefore, could not be chargeable with contributing to a wrong.

If, however, the defendant is found to have done a wrong under the circumstances of the present case, he is chargeable with contributory infringement, as in the American Graphophone Co. *v.* Leeds, and in the Amet case.

It would make no difference, in the decision in the American Graphophone Co., *v.* Leeds, or in the Amet case, whether the American Graphophone Co., had sold repro-

ducing apparatus with their records, or whether they sold records without the reproducing apparatus, as in either case the defendant would be liable for contributory infringement.

That Judge Shipman, in his decision in the trolley stand case (Thomson Houston Electric Co. *v.* Kelsey & Co., 75 Fed. Rep. 1005) never intended that the rule laid down by him in the trolley stand case should be applicable to the records or reproducing apparatus of a talking machine, is clear from his decision in American Graphophone Co., *v.* Leeds, he having also rendered the decision in the trolley stand case.

Re American Graphophone Co. v. Amet, 74 Fed. Rep., 789.

The defendant contends, (Brief, p. 69, etc.) that Judge Grosscup clearly recognized the alleged right of the purchaser from the patentee of the sound reproducing apparatus to replace the records, originally purchased as part of the combination, with an unlicensed record. This, we submit, is an unwarranted inference, and that Judge Grosscup makes no such decision. The claims in controversy in that case were claims 22 and 24 of the Bell and Tainter Patent, No. 341,214, the said claims being two of the same claims involved in American Graphophone Co., *v.* Leeds.

That Judge Grosscup regarded the two elements of the combination, viz.—the reproducing stylus, and the cylindrical wax record, of equal importance has hereinbefore been pointed out. He says:

> "Either, without the other, would be useless for the purpose of a graphophone or phonograph. Together they bring about a successful result. They, therefore, constitute a patentable combination."

The defendant, as in the Leeds case, made and sold a reproducer, one part of the combination, which was in-

tended to be used in conjunction with complainant's cylindrical records. Judge Grosscup said:

> "Without the complainant's record the defendant's device would be useless. It is never used except in connection with complainant's record. In the practical use, therefore, of defendant's device, one of the elements of complainant's combination is actually and necessarily employed."

Judge Grosscup also stated:

> "It appears, however, that these records are sold by the complainant on the open market, and it is contended that such sale releases this element of the combination from the monopoly of the patent. I do not concur in this view. To make the graphophone more widely useful, the complainants make many records, embodying music, speech, and other sounds, and distribute these, by sale, to the users of the phone. But the record thus distributed remains an integral part of the combined mechanism. It is not a product of the machine, but still a part of it."

Judge Grosscup, therefore, decides that no implied license to make, or sell, or use the other part of the combination, is granted by the sale of one part of the combination of a sound-reproducing apparatus to a purchaser.

Judge Grosscup also decides that the part sold remains an integral part of the combined mechanism.

Judge Grosscup also draws the distinction between this and many other cases, in that in sound reproducing apparatus, the object and intent of the owners of the patent is to sell records **having different selections thereon to the users of the phone.**

He also shows that in sound reproducing apparatus, the record is *not a product* of the machine, but is a part of it.

Defendant's counsel, on page 70 of the brief, italicizes certain portions of the quotation from Judge Grosscup's opinion in this case, which defendant's counsel evidently

misunderstands. If the defendant's construction of the italicized portion should have been intended, the injunction which Judge Grosscup granted would not be a logical sequence, nor would Judge Grosscup's conclusions follow.

It is clear, from a careful reading of the entire decision, that he did not mean what defendant's counsel interprets. After Judge Grosscup had made the statement of the above quoted portion of his decision, he went on to state (being the portion italicized in Defendant's Brief):

> "It is not unusual, in many mechanisms, that some elements of their combination must be more frequently renewed than others. The sale of such parts, segregated from the machine, is only the replenishing of the combination by a substitution of a new element for the one worn out. Such action does not break the patentability of the combination. So, in this combination, substitution by sale of one or many records for another, though not due to the same necessity, ought to receive the same consideration."

Judge Grosscup meant that the sale, of such parts referred to, by the patentee "does not break the patentability of the combination", or, in other words, does not imply any license to the purchaser to make or sell the other part—the patentability of the combination is not broken by such action.

Judge Grosscup then goes on to say:

> "So, in this combination, substitution by sale of one or many records for another (by the patentee), though not due to the same necessity, ought to receive the same consideration."

That is, the sale by the patentee of this record, a material part of the patented combination, ought to receive the same consideration, and does not break the patentability of the combination, and does not imply rights to the purchaser to substitute.

Judge Grosscup then cites the instances of the keys of

a piano, which he evidently means may be replaced by the patentee without releasing the combination, of which the keys are an element, from the monopoly of the patent; and then goes on to state that he sees no reason why the record of a graphophone may not, though for a different purpose, be likewise replaced by the patentee, without breaking the validity of the combination of his patent.

This construction is in strict accord with Judge Grosscup's opinion in this case, and is the only logical construction, especially in view of the sentence which immediately follows the above quotation as a conclusion, viz.—

> "Inasmuch, therefore, as defendant's device is only to be used in connection with one of the elements of complainant's patentable combination, I am of the opinion that it infringes such combination as is expressed in claims 22 and 24, already quoted."

The defendant's counsel (p. 71) endeavors to draw a distinction between the Amet case and the case at bar, that in the case at bar, there was an implied license by the sale of the reproducer and the record. It will be observed, however, that Judge Grosscup distinctly points out, where an implied license is contended for, that he does not concur in this view.

In the Amet case, Judge Grosscup shows that the complainants made many records, embodying music, speech, and other sounds, to sell to users of the patented phone.

There is also, therefore, no warrant for the alleged distinction which the defendant seeks to draw between these two cases namely, that in the Amet case there was no purchase of the combination from the patentee. Such a distinction is manifestly unwarranted, from a careful reading of the Amet case.

RE DEFENDANT'S POINT FOUR.

By this point, defendant contends that the complainant should have sold the reproducers *with restrictions,* to the effect, that nobody except the complainant could supply records to complete the combination.

The defendant, in support of this proposition, cites Heaton Co. *v.* Eureka Co., 77 Fed. Rep., 288.

This case cited has nothing to do with the case at bar, and involves a very different proposition by reason of the different state of facts. It is doubtless cited, because the decision refers, among other things, to Wilson *v.* Simpson, the planing machine case, and to the Morgan Envelope Co., case, which have heretofore been fully considered, and the distinctions pointed out.

It is also respectfully submitted that the cases cited on page 74 of Defendant's Brief, of Rupp *v.* Elliott, (131 Fed. Rep., 730), Tubular Co. *v.* O'Brien, (93 Fed. Rep. 200), Cortelyou *v.* Johnson, (145 Fed. Rep. 933), and Edison Electric Light Co. *v.* Peninsular Co., (131 Fed. Rep. 831) have no bearing upon the case at bar.

RE DEFENDANT'S POINT FIVE.

The defendant, in this point, contends (Brief, p. 76), that the records in suit could have been used on a so-called "mechanical feed" device, and could have been sold for export to foreign countries, and therefore, there would be no infringement.

It is also respectfully submitted, as hereinbefore clearly pointed out, (pp. 60-67, of this brief) that there were not, at the time of the contempt, and are not now the so-called "mechanical feed" devices in commercial use, upon which the contempt records could have been used. The defendant has utterly failed to prove that there were in commercial use any such mechanical feed devices, upon which said rec-

ords could have been used, for reproducing purposes. There were and are in use a large number of mechanical feed devices, for reproducing sound from *cylindrical records, such as the phonographs and graphophones,* where the cylinder is placed upon a mandrel, but defendant's records could not possibly be used in connection with these mechanical feed devices. There were none, and are none, in commercial use, which could reproduce sound from the contempt records, and the only reproducers in commercial use, in combination with which the contempt records could be used to reproduce sound, were those constructed in accordance with complainant's patent in suit, claims 5 and 35, as shown by the affidavits of Mr. Haddon and Mr. Middleton, and of these there are many thousands.

It is respectfully submitted that this point of defendant is utterly futile.

As regards records for export, there is no evidence that the defendant made any such sales of the contempt records for this purpose, if it had the right.

The evidence is clear as hereinbefore pointed out, that the contempt records sold to Platz and to Thompson, and some of those sold to Bennett, were sold with the full knowledge that they were to be used in connection with the reproducer of the complainant. *An intent to contribute to the infringement by the sale of contempt records is therefore clear, and requires no further proof.*

The fact is, also, that the only reproducers in commercial use, with which the contempt records could be used in reproducing sound, were the reproducers made in accordance with complainant's patent, for use in combination with such records.

The case of Cortelyou *v.* Johnson & Co., (145 Fed. Rep. 933), cited on page 78 of Defendant's Brief, in the part there quoted substantiates complainant's contention in this case, and shows the defendant, in the circumstances of the present case, to be guilty of contributory infringement,

as the defendant in this case sold one of the vital elements of the two part combination, with knowledge that it was to be used in combination with the other element of the combination.

RE DEFENDANT'S POINT SIX.

The defendant, by this point, seeks to contend that the complainant, by the sale of the reproducing apparatus of claim 35, implies a license to the purchaser to buy from others a suitable record, where the apparatus was sold without a sound record. (Defendant's Brief, p. 81.)

This point has been hereinbefore considered, and it will be unnecessary to discuss again the subject at length. Suffice it to say that this question is particularly decided in

American Graphophone Co. *v.* Leeds, 87 Fed. Rep., 873;

American Graphophone Co. *v.* Amet, 74 Fed. Rep., 789;

American Graphophone Co. *v.* Hawthorne, et al., 92 Fed. Rep. 516.

Roosevelt v. Western Electric Co., 20 Fed. Rep. 724.

In this latter case, Judge Wallace (U. S. C. C., So. Dist. of N. Y.,) said:

> "The case made by the motion papers is this: The complainant's patent is for an improvement in electric batteries consisting of a prism and other elements, and the claims are for the prism, and for various elements in combination with it. The defendant is selling an electric battery which contains the prism in combination with several other elements which are covered by the claims of the patent; having purchased the prisms from complainant, but having obtained the other elements of the battery from other sources.

"If it were true that the prisms are not capable of any use except in combination with the other elements covered by the several claims of the patent, the complainant can nevertheless insist that the purchasers should only be permitted to use them as substitutes for prisms which have been deteriorated or destroyed, or to sell to others. They could be used in this way without infringing the complainant's rights. * * * The motion for an injunction is granted."

See also United Nickel Co. v. California Electrical Works, 25 Fed. Rep., 475.
Thomson-Houston Electric Co. v. Ohio Brass Co., 80 Fed. Rep., 712.
Wallace v. Holmes, 9 Blatch., 65, 29 Fed. Cas. 79; 5 Fish. Pat. Cases, 37.

National Phonograph Co. v. Fletcher (117 Fed. Rep., 149).

This was a case where the defendant took the complainant's sound reproducers for phonographs, which needed no repairs, and returned them with the substitution of parts.

The defendant in this case thus made it possible for the purchasers of the complainant's phonographs and reproducers, to use that which was supplied by the defendant, and which was a part of the patented combination, in connection with, and as a substitute for, that which was sold by the complainant, and which was also part of the patented combination.

So also, in the case at bar, the defendant manufactures and sells and supplies, to the purchasers of complainants' reproducing apparatus and records (the only two elements of the patented combination, and neither of which needed to be repaired), additional records, one of the two elements of the patented combination, to be used by the purchaser of complainant's patented combination, as a substitute for one of the elements of the patented combination.

The law relating to the doctrine of repair is, therefore, inapplicable, or as Judge Thomas stated:

> "From the foregoing it is observed that there is no occasion for repairs, and hence the law relating to that subject has no specific application. * * * The modification, SUBSTITUTION, and change of relation of parts, passes the limit of allowable repairs. Reproduction, not restoration, is intended, for there is no occasion for restoration."

So also in the case at bar, as pointed out elsewhere, the purchase of additional records is not for the purpose of the repair or restoration, but for increasing repertory of selections, and to carry out the intended purpose of the complainants, in the manner in which the reproducers and records of the patented combination are placed upon the market. We have shown that these records are of hard, indestructible material, with a practically unlimited capacity for reproducing the sounds recorded thereon.

On page 64 of the defendant's Brief, *Chaffee* v. *Belting Co.*, 22 How., 217, is cited and quoted, as an alleged authority to justify the defendant in manufacturing and selling the contempt records for use in connection with complainant's reproducer in the combination of claim 35, and to carry out the method of claim 5, of the patent in suit, under what counsel for defendant terms the "*right of substitution.*"

This decision in *Chaffee* v. *Belting Co., supra,* is discussed and explained, in connection with the law relating to repairs, by Judge Thomas in National Phonograph Co. *v.* Fletcher (117 Fed. Rep. 149).

Defendant's counsel italicises the latter part of his quotation from this decision in Chaffee *v.* Belting Co., namely:

> "*he may repair it or improve upon it, as he pleases, in the same manner as if dealing with property of any other kind.*"

Judge Thomas, in *National Phonograph Co.* v. *Fletcher, supra,* quotes the same matter, stating that in *Chaffee* v. *Belting Co.,* the Court said that it was true that the Supreme

Court stated as thus quoted; but Judge Thomas explained this quotation and said:

"This decision goes no further than this, that an individual owner may do what he will with a patented machine or article which is his property. * * * What a man may do for his own use, with property made pursuant to a patent, is not what he may do for the purpose of selling as another's patented article.

Thus it will be seen, that even if it is admitted, for the purpose of discussion, which we do not, that a purchaser of complainant's reproducer and records, would have the right to make new records, this decision of the Supreme Court in *Chaffee* v. *Belting Co., supra,* as thus explained by Judge Thomas, would not extend that right, if such a right existed, to the defendant to *manufacture and sell* the said disc sound records (an element of the sustained claims), whose office and function is to vibrate and propel the reproducing stylus, as specified in these sustained claims 5 and 35, of the patent in suit.

And furthermore this decision of Judge Thomas in National Phonograph Co. *v.* Fletcher, is an authority supporting one of complainants' contentions in this case, namely, that the law relating to the doctrine of repair is not here involved, since no repair is necessary.

NO IMPLIED LICENSE, AS THE REPRODUCING APPARATUS IS NOT THE COMPLETE PATENTED THING.

The general rule which implies a license to use a patented machine for the purposes for which it was intended always presupposes that the *completed* patented thing is embodied in the machine.

If, as in this case, the device, or apparatus, sold **only embodies one element** of the combination, the complete pat-

ented article is not sold. In the case at bar there could be no greater implied right to use an infringing record by the sale of a reproducing device than there would be an implied right to make or use a reproducing device by reason of the sale of a record by the complainant.

Robinson on Patents (Vol. 2, Sec. 825,) says:

> "The sale of a **complete** article by one who owns a patent," implies a license.

Robinson on Patents also states, at the beginning of the same paragraph (825):

> "The sale from which this universal license is implied, must, moreover, be a sale of **the precise article covered by the patent.**"

The reproducing apparatus is an *incomplete* portion of the claim, and is not, therefore, by any means, the precise article, as it lacks the material element of the record in combination.

If one element of the combination is omitted, the thing sold is not a complete patented thing. *It is not the precise article.*

The fact that it is incomplete implies on its face that there is something missing.

The purchaser and the world has notice by the Victor Company's most extensive advertising, that the Victor Company makes and sells the records to be used in combination with the reproducing apparatus.

The sale by the Victor Company of a reproducing apparatus is not an unconditional sale; it is, by the very fact that the record is still required to be purchased by the purchaser, **a conditional sale.**

UNITED NICKEL COMPANY v. CALIFORNIA ELECTRICAL WORKS, 25 FED. REP. 475.

In this case, the Court held that the purchasers by the defendant of one element of a chemical composition did not imply a license that the defendants could use that element in combination with other elements claimed in the claims in controversy in the patent in suit. The Court said (p. 479):

> "The fact that they (the defendants) purchase from authorized agents this solution which enables them to nickel-plate does not, inferentially or otherise, authorize them to use it in nickel-plating without obtaining a license to use the invention covered by the other claims. They must also get a license to use the invention covered by the other claims, or they cannot use this without being liable as infringers. Each claim is, in effect, a separate and distinct patent; and the right to use one patent does not carry with it the right to use the others without a further license."

The Price of the Reproducing Apparatus is Merely a Portion of the Patent Profit. The Patent Profit is Divided. A Portion is Acquired from the Reproducing Apparatus and the Balance from the Record.

The Victor Company, in selling one element, only receives the price of that element, and not the price of the complete patented thing. The price is so scaled that the complainant must receive its total profit from the sale of both of the elements,, in order to receive the total profit to which it is entitled.

Therefore, the Victor Company never receives its compensation for the complete thing, patented in the claims 5 and 35, until it receives both the portion of the profit which is attached to the record and the portion of the profit which is attached to the reproducing apparatus.

If the defendant's contention be true, the complainants would have to raise their price of the reproducing ap-

paratus so as to acquire the entire profit of the patent from that one element. This is shown by the affidavits of Mr. Haddon and Mr. Middleton.

Robinson on Patents (Sec. 824, Vol. 2) says:

> "This implied license rests upon the principle that the owner of the patented invention having once received his recompense for releasing the article from the monopoly, either in its price directly paid to him or in the license fee which he collects from its vendor, he can, therefore, neither limit nor demand compensation for its use; but by the sale delivers it from all the restrictions of the patent and makes it common property, like any other personal estate."

It is, therefore, obvious that the underlying theory contended for by the defendant does not pertain in the case at bar, among other reasons, for the reasons:

(1) That the reproducing device sold is not the complete patented thing.

(2) That the owner of the patent only receives a portion of the patent profit from the sale of the reproducing device, and relies upon the sale of the other element of the patented thing for the balance of the patent profit.

(3) That the sale of the reproducing device does not, and cannot, release, therefore, the record, the other element of the combination from the patent monopoly.

(4) That the Victor Company has been making and selling records, for use in combination with the reproducing device, for a number of years, and has so notified its purchasers and the world generally, by extensive advertisement of this fact. The Victor Company derives a large portion of its profit from the patented device from the sale of these records.

(5) That the purchaser of a Victor machine, or reproducing device, almost invariably purchases Victor records with it, which allows him to full enjoyment of the patented combination purchased and method, and no implied license to make or use infringing records could possibly be inferred.

(6) That the defendant's contention is illogical, among other reasons, for the reason that if the contention were true, the sale of a record by the complainant, the other element of the combination would equally as strongly imply a license to make, or sell, reproducing device.

(7) That there can certainly be no implied right to a third party, such as the defendant company, to manufacture and sell records to purchasers of complainants' reproducing device.

The Purchaser of Complainants' Reproducing Device Has Every Opportunity to Use and Enjoy it in a Legitimate Manner by Purchasing Complainants' Records which it is Ready to Supply.

There can be no serious contention that the purchaser of complainants' reproducing device is restricted in the enjoyment of its use if it cannot use infringing records.

The largest part of the Victor Company's business is devoted to manufacturing and selling disc records for use in connection with its reproducing device, and has invested many hundreds of thousands of dollars for this purpose.

The Victor Company, for this purpose, employs the best and highest priced talent, for rendering selections from which to produce records, paying as much as a thousand dollars for a single selection, in some cases. It supplies all kinds of selections—records of the voices of great singers, records of famous bands, such as Sousa's, records of melo-

dies and instrumentations, records of comic recitationists, etc., etc.

The Victor Talking Machine Company spends large sums of money yearly in its monthly catalogues, containing long lists of new records each month, and is perhaps the largest producer of disc talking machine records in the world, and has the reputation of producing the best.

It supplies these records to the public at a reasonable figure, at substantially the same price as these infringers.

All these records of the Victor Talking Machine Company are made for sale and use in connection and in combination with the reproducing device called for in the combination of claim 35 of the patent in suit, to be used according to the method of claim 5. It has distributors and dealers all over the United States.

Certainly, therefore, there can be no contention that the purchaser of a reproducing device cannot enjoy to the full the use of the said apparatus, or machine, which he has purchased from the complainant.

The purchaser has always the opportunity to procure additional Victor records, and thus to enjoy the benefit of his reproducing apparatus to the full; he has also the right to sell his machine to others for similar use.

Further, the complainants have granted licenses under the patent in suit to other companies, who have made and sold disc records in large quantities, which were licensed records, which the purchaser would have the right to enjoy and use in combination with a legitimate reproducer.

Those who are now making infringing records are comparatively few, and the only effect upon the purchaser of a legitimate machine, if the complainants' contention is sustained, would be to prevent the defendant from selling him infringing records.

THE DEFENDANT IN SELLING RECORDS INFRINGES THE PROCESS CLAIM.

Westinghouse Electric Mfg. Co. v. Dayton Fan and Motor Co., 106 Fed. Rep. 724.

In this case it was contended that the process patent was susceptible of infringement only by use, and as there was no evidence of use by defendant, there was no infringement. The Court held, that as the purchasers used, the defendant intentionally contributed to the use. Defendant also contended that the claims called for certain elements of combination which they did not make, such as a dynamo circuit and motor, and that as the device as sold by them did not have these they did not infringe. The Court held:

> "There is no evidence to show that it could have any commercial value for any other purpose, and in view of the admissions of the defendant and the absence of any showing whatever to the contrary, it must be regarded as an established fact that it was sold for the purposes of this combination bringing it within the ruling of Thomson-Houston Electric Co. *v.* Ohio Brass Co., 80 Fed. Rep. 712, where it is held that—
>
> " 'One who makes and sells one element of a patented combination, with the intention and for the purpose of bringing about its use in such a combination, is guilty of contributory infringement, and is equally liable with him who in fact organizes the complete combination.' "

If Defendant Can Sell One Element of the Combination, Another Defendant Can Sell the Other, and the Decision of Court of Appeals Nullified.

It should require no argument to convince that a patentee is entitled, under the statute, to the monopoly of manufacturing and selling the whole combination going to make up his patented device.

If the defendant's acts are lawful, the patentee would be only entitled to the monopoly of making and selling parts which constitute half, or a fraction, of the patented structure.

Again, which half of the patented structure would the patentee have the monopoly on, if not upon the whole?

If a party, not the patentee, has a right, without license, to make one-half of the patented structure, which half, or portion, is he entitled to make?

If a party, not the patentee, is entitled to make one-half of the patented structure, why would not some other party, not the patentee, be entitled to make the other half of the patented structure?

The position of the defendant is practically reduced to this proposition, for if defendant's counsel's argument be good, the defendant would be entitled without liability, to make the sound record forming one element of claim 35, and another company, by the same course of reasoning, could not be precluded from making the other part, viz., the reproducing apparatus, with the stylus shaped for engagement with the record, mounted to be used in connection with the traveling tablet having a sound recording stylus shaped for engagement with the record, and free to be vibrated and propelled by it.

If the one proposition be true, the other proposition should be true, and between the two defendants the patentee would have nothing.

They could also thus use the method of claim 5.

In the case of Strobridge *v.* Lindsay, 6 Fed. Rep. 510, Judge Acheson, of the Third Circuit, said in considering the question of the right of the defendant to evade a patent by dividing the patented device into two parts:

> "Truly the plaintiff's success was a barren victory, if by such an alteration as the one here adopted the injunction of this Court can be evaded. But the expedient must fail of its purpose."

No License to Make Records.

Another point upon which defendant's counsel must rely to support his erroneous contention is that the sale of a machine, licenses and empowers anybody, and everyone, to machine's licenses and empowers anybody, and everyone, to *make* and sell records, for the alleged reason that the complainants, having received for such a machine a certain reasonable price, it is not entitled to make a separate charge for a record.

The defendant's contention is in effect that because the Victor Company made and sold these reproducers, anybody and everybody would be licensed to start up factories to manufacture these sound records and to sell them without restraint. Defendant's counsel appears to overlook the fact that Judge Hazel, in the Circuit Court for the Southern District of New York, and the Circuit Court of Appeals, for the Second Circuit, has held that these claims, 5 and 35, were broad and basic claims, and that the record was an essential part of the claim, and that *under the decrees and injunctions the unlicensed manufacture or sale of a record of the patent in suit would be a contempt.*

The sale alone of the reproducing device by the complainants can imply no license to the purchaser to manufacture or sell records, the other and equally important part of these claims.

The authorities on contributory infringement referred to elsewhere are conclusive upon the point that the manufacture or sale of one element of a patented combination, with the intention that it shall be used with the other elements thereof, is an infringement. This case is in no manner different from the other cases where the complainant is engaged in selling both elements of the combination, and this case does not become different from the other cases as to contributory infringement because it happens to be a talking machine composed of a reproducer and a record, instead

of some of the other machines, or devices, referred to in the decisions.

The case of Travers v. Beyer, *et al.*, 26 Fed. Rep. 450, is a case in point, and supports the complainants' contention. This is an opinion by Judge Wallace, in the Southern District of New York, where the claim of the patent sued on, read:

> "The combination of a hammock, A, having suspension ropes, *f*, *f*, with detachable distending blocks, *g*, *g*, which are notched at their lower edge to space said ropes, *f*, *f*, substantially as specified."

In this case the defendants did not make or sell hammocks, but merely manufactured the blocks and sold them to dealers in hammocks, and were adjudged infringers. The Court held that the blocks were of no practical utility or value except for the special purpose of the patentee. And so in the case at bar, these records are of no value, and are incapable of any use, except when combined with a reproducer as set forth in claims 5 and 35.

RE DEFENDANT'S POINT SEVEN.

The defendant, in this point, contends that an intolerable burden has been placed upon defendant's alleged right to make and sell the disc records forming a part of the combination of claim 35. (Defendant's Brief, p. 85).

Defendant seems to think that the Court below has imposed a burden, because Judge Lacombe comments upon the fact that the defendant did not make any effort to restrict the use of the contempt records, by putting a notice thereon, until after the motion regarding the limitation of their legitimate uses, and stated:

> "such notice might fairly go further and advise the purchasers that to use it on one of complainant's machines would make the user an infringer."

Defendant's Brief states that, since the finding in contempt, it has placed upon its records a label, quoted on pages 85 and 86 of Defendant's Brief, which reads as follows:

> "This record is sold for use on all mechanical feed-device machines and upon all licensed Victor, Columbia and Zonophone machines and all other machines licensed under U. S. patent No. 534,543 in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the conditions under which it is sold and an infringement."

Instead of being in conformity with Judge Lacombe's decision, this label is diametrically the opposite.

It states that these records on which it appears (alleged to have been sold since the contempt order) are sold to be used in connection with the complainant's reproducer of claim 35, and those of its licensees.

This is a most peculiar proceeding, and is apparently an abuse of the Court's order, staying the injunction.

The defendant attempts, to justify it on the ground that the injunction was stayed, pending appeal, and that, therefore, it had the right to make this statement.

This statement, contained on these defendant's records, said to have been put out since the contempt order, is, we submit, in direct violation of the decision of Judge Lacombe in the contempt, *and is a second contempt in itself.*

Many of these records will probably remain in the hands of dealers after Judge Lacombe's contempt order has been sustained by this Court, if it shall be sustained, and create great confusion in the trade, being a notice of an alleged right, which, under these circumstances, would not exist.

It is a responsibility which the defendant has assumed with its eyes open, and for which it should be punished.

Judge Lacombe did not hold that the defendant *must*

label its goods, as the defendant seems to intimate, but evidently regarded the fact that it did not label them with the statement that they were to be used only in connection with mechanical feed machines, until after the contempt proceedings, as suggestive.

The label which the defendant had then prepared to put on is contained on page 82 of the Contempt Record, and states, *inter alia,*

"it is sold for use on mechanical feed machines."

This label, however, was not put on the contempt records, and if it ever was put on any of the defendant's records, it was not placed upon them until after the contempt order. It is this label to which Judge Lacombe referred.

It will also be noted that this label states:

"This record is made from the very finest material **and can be played many times without deterioration.**"

This statement appears to negative the affidavits of defendant, of E. F. Leeds, Bunker and Moeller, relative to durability.

As before pointed out, so-called, "mechanical feed" machines, upon which these records are said to be usable, and are not, and never have been, in commercial use.

The case of Welsbach Light Co. *v.* Union Incandescent Light Co. (101 Fed. Rep. 131), cited on page 88 of Defendant's Brief, would appear to have no application to the case at bar.

RE DEFENDANT'S POINT EIGHT.

The defendant here contends that the question raised upon the motion to punish for contempt was an entirely new question, and that the sale of the contempt records was not included in the preliminary injunction or decree.

As hereinbefore pointed out, it is respectfully submitted that the decree, as well as the preliminary injunction, was as broad as language could make it.

The injunction enjoined the defendant, among other things, from making, selling or using the "reproducing apparatus" specified in the claim, which claim was quoted in the decree. That the words "reproducing apparatus" embodies the record as well as the reproducing stylus is specifically stated in claim 35. The defendant, therefore, was specifically enjoined from making, selling or using "a traveling tablet having a sound record formed thereon"—the disc record—when forming part of the combination with the reproducer of claim 35, or when intended for use in that combination, "And from using or employing in any way the method specified in said Claim 5".

The defendant can hardly, therefore, with any degree of plausibility, contend that the decree did not specifically enjoin it from doing the contempt acts.

There was no new question involved in the contempt proceedings. The question was clearly one which had been before the Courts, not only in the motion for preliminary injunction, but also Judge Hazel's opinion in the American Graphophone case, affirmed by this Honorable Court of Appeals, which very clearly shows that the disc record, such as sold by the defendant after the injunction, was a most material and substantial part of the combination.

If, therefore, as shown by complainants' motion papers, the defendant sold these contempt records for use in connection with the complainant's reproducer of claim 35, it manifestly committed a contempt of Court in violating the injunction order, which was most clear and explicit.

RE DEFENDANT'S POINT NINE.

The defendant contends that the complainants presented no proof that the contempt records were *used* in a combination which infringed. (Defendant's Brief, p. 93).

It is respectfully submitted that the evidence that the defendant sold contempt records to Platz and to Thompson, and some to Bennett, with the knowledge that they were to be used in combination with complainant's reproducer, in accordance with the method of the patent, is sufficient, as hereinbefore particularly pointed out.

It is also respectfully submitted that the fact that complainant's reproducing device was the only reproducer in use, of which there were hundreds of thousands, with which the contempt records could be used for reproducing sound, as hereinbefore particularly pointed out, would also be sufficient.

It is respectfully submitted that there was no error in the Order of the Court below, finding the defendant in contempt, and that the said Order should be affirmed, with costs.

Respectfully submitted,

HORACE PETTIT,
Counsel for Defendants in Error.

March 28th, 1907.

Supreme Court of the United States. 1

LEEDS & CATLIN COMPANY, Petitioner, vs. VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	OCTOBER TERM, 1906.

2

And now comes the petitioner above named and upon due notice to the Victor Talking Machine Company and the United States Gramophone Company, respondents above named, prays this Honorable Supreme Court of the United States that its writ issue to the United States Circuit Court of Appeals for the Second Circuit commanding the said Court to certify to this Court its records and proceedings in the above entitled suit, to the end that the said suit and *judgment finding petitioner in contempt* may be reviewed and determined by this Court.

Dated New York, May 4, 1907.

3

LOUIS HICKS,
Solicitor for Petitioner.

4 SUPREME COURT OF THE UNITED STATES.

LEEDS & CATLIN COMPANY, Petitioner, vs. VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	OCTOBER TERM, 1906.

5 TO THE HONORABLE CHIEF JUSTICE AND ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

The petitioner above named respectfully shows:

This petition for writ of *certiorari* relates to the *contempt proceedings* heretofore had in the Circuit Court of the United States for the Southern District of New York and in the United States Circuit Court of Appeals for the Second Circuit in a patent suit in equity based upon Letters Patent of the United States, No. 534,543, of February 19, 1895, to Emile Berliner, between the respondents above named as complainants and the petitioner
6 above named as defendant. At the time of presentation of this petition, there is also presented to the Court another petition for writ of *certiorari* in order that this Court may review the said suit and the *decree for injunction* therein *upon the merits*. The *record in the contempt proceedings* includes the proceedings in the Circuit Court and in the Circuit Court of Appeals which led to the decree for injunction and the affirmance thereof, being the record in the suit upon the merits, as well as the subsequent proceedings in which defendant, the petitioner above named, was charged with a violation of the injunc-

tion, found guilty and by final judgment ordered to 7
pay a fine of one thousand dollars, one-half to respondents and one-half to the United States.

The judgment or decree of the Circuit Court finding defendant in contempt was affirmed by a divided court in the Circuit Court of Appeals, Hough, *D. J.*, with whom Coxe, *C. J.*, concurred, writing the opinion of the majority, and Wallace, *C. J.*, writing a dissenting opinion. THE QUESTION OF PATENT LAW INVOLVED IS ONE OF GREAT IMPORTANCE AND, AS JUDGE WALLACE STATES IN HIS DISSENTING OPINION, THE RULE OF INFRINGEMENT ADOPTED BY THE MAJORITY OPINION "NOT ONLY EXTENDS THE MONOPOLY OF THE PATENT TO AN UNPRECEDENTED EXTENT, BUT IS SUBVERSIVE OF THE 8
RIGHT OF A PURCHASER OF THE PATENTED THING TO REALIZE ITS FAIR MEASURE OF USEFULNESS BY MAKING NECESSARY REPARATIONS OR CHANGES BY WAY OF IMPROVEMENT." In view of the opinions written by Judges Hough and Wallace, and of petitioner's brief in the Circuit Court of Appeals, a copy whereof is hereto annexed and made a part of this petition, but a very brief statement of the facts and of the law involved will suffice to show that the question of law raised by the facts is of such *general application and importance*, that a review of the decision of the majority of the court under writ of *certiorari* by this Court is necessary, unless the law of infringement in patent suits, especially the law of 9
contributory infringement, is to become the subject of endless doubt, uncertainty and confusion.

Briefly stated, the question involved is this:

The petitioner manufactured and sold *disc sound-records*. The respondents manufactured and sold sound reproducing *machines combined* with such disc sound-records. The *combination* of the sound reproducing apparatus and the record was covered by claim 35 of the Berliner patent above mentioned owned by respondents. *The sound-record was an unpatented article which had existed and been used*

10 *in the prior art.* Respondents' sound reproducing machine was so constructed that it was *intended* that the record to be used thereon for the reproduction of sound could and should *frequently be replaced* and the sound-record was of such character that the destruction thereof was certain, within a very limited period of time, if the sound-record was used on the machine for the reproduction of sound. *The parts of the patented combination, other than the sound record,* that is *the sound reproducing machine, would last indefinitely for years.* Respondents sold the *patented combination,* consisting of the sound reproducing machine *and* the sound-record, to purchasers *without restric-*
11 *tion,* and, thereafter, *constantly,* sold new records to such purchasers to enable them to enjoy the machine and continue it in use. Petitioner sold sound-records to persons who had purchased from respondents the patented combination and the Circuit Court found that petitioner sold the sound-records to *such persons* with the intent that petitioner's sound-records should be used by such persons with the other parts of the patented combination, the sound-reproducing machine, which the respondents had sold to them, *combined with similar records.* In its essence, the important question of law involved is *whether a person who has purchased a patented combination from the patentee has the*
12 *right to replace an unpatented element of the combination and for such purpose to purchase such element from another than the patentee or his licensee.* The majority of the Circuit Court of Appeals has held that such replacement of the single unpatented element of the combination is *reconstruction* and not within the rights of the purchaser of the patented combination from the patentee. The error of this holding, it is respectfully submitted, clearly appears from the dissenting opinion of that very able and learned jurist, Judge Wallace, who wrote the opinion in the Morgan Envelope Company case in the Circuit Court (40 Fed., 577) with which

this Court agreed (152 U. S., 425). Judge Wallace's 13
opinion in the Morgan Envelope Company case is considered at page 50 of petitioner's annexed brief in the Circuit Court of Appeals, and the opinion of this Court in that case is considered at page 54 of petitioner's annexed brief. The decision of this Court in *Wilson* v. *Simpson*, 9 How., 109, is set forth at page 57, and of the Circuit Court of Appeals in *Goodyear Co.* v. *Jackson*, 112 Fed., 146, 150, at page 48, of petitioner's annexed brief. From these and other cases cited in the brief, it is clear that where an inventor so arranges the parts of his patented combination that the combination or machine cannot satisfactorily, successfully or usefully be continued in use, without the successive replace- 14
ment of one of the elements thereof, the replacement of such an element, if unpatented, by the purchaser of the combination from the patentee is *in accordance with the intention of the patentee and not a reconstruction* of the patented combination, but a repair or improvement within the rights of the purchaser. And this is so, as this Court held in *Wilson* v. *Simpson*, *supra*, even though the element replaced is "*an essential and distinct constituent of the principle or combination of the invention.*" In the Morgan Envelope Company case this Court held, affirming Judge Wallace, that the purchaser of the patented combination there involved had the right to 15
replace the paper of the patented combination so long as the fixture with which the paper was combined would endure, and that the replacement of the paper was not a reconstruction of the patented combination, but an act within the rights of the purchaser. In *Wilson* v. *Simpson*, this Court held that the replacement of the knives of a patented combination, constituting a planing machine, by the purchaser from the patentee was not a reconstruction, but the doing of an act which the purchaser had a right to do in order to enjoy the use of his purchased machine. In the Morgan Envelope Company

16 case this Court squarely held that to compel the purchaser of the patented combination to purchase the paper required for the use of the combination from the patentee would be to give to the patentee of the combination a monopoly of the unpatented paper.

The analogy between the unpatented paper of the patented combination of the Morgan Envelope Company case and the unpatented sound record of the patented combination of the case at bar and between the machines proper thereof, is very clearly stated by Judge Wallace in the first paragraph of his dissenting opinion. Judge Wallace, referring to the sound record, said:

17 "Its relation to the machine proper is analogous to that of the sheet of paper in a typewriting machine or the stalks of corn in a corn cutter. *It is the thing which is operated on by the machine proper.*"

Under Point Two, set forth at page 60 of petitioner's brief in the Circuit Court of Appeals, the decisions of this Court are cited, holding that where a patentee sells his patented article, the article passes *out of the monopoly of the patent* and ceases to be under the protection of the patent laws of the United States, and that a purchaser acquires the right to repair the purchased article or to improve upon it or to deal with it as he pleases without fur-
18 ther payment of royalty or tribute to the patentee. Under these decisions, the Circuit Court of Appeals for the Second Circuit, in *Thomson-Houston Co.* v. *Kelsey Co.*, 75 Fed., 1005, considered at pages 60-61 of petitioner's brief in the Circuit Court of Appeals, held that the purchaser of a patented combination had the right, immediately upon his purchase, to substitute for a single element of the combination, purchased from the patentee, a similar element purchased from another than the patentee; and that this right existed irrespective of the reason

why the purchaser desired to make the substitution. 19

The effect of the decision of the majority of the Circuit Court of Appeals is clearly to give to the respondents a monopoly of the manufacture, sale and use of an article which is unpatented and which was known and used in the prior art, and to deny to purchasers of the patented combination from respondents the right to secure the unpatented sound records for use therein, unless, after having paid the full royalty for the patented combination, they pay a further royalty to respondents in purchase of the unpatented records from respondents. Such a decision, Judge Wallace points out, overrules the decision of the same Court in the "trolley stand" 20 case (*Thomson-Houston Co.* v. *Kelsey Co.*, 75 Fed., 1005), wherein *the controlling decisions of this Court* were cited and followed, as shown under Point Two (p. 60) of petitioner's brief in the Circuit Court of Appeals. The important questions of law involved will so readily be appreciated by this Honorable Court from a reading of the opinions of Judges Hough and Wallace in the Circuit Court of Appeals, and from a mere inspection of petitioner's brief in the Circuit Court of Appeals, that it is deemed unnecessary to add anything further in support of this petition.

For the reasons stated, it is respectfully submitted that the petition for the writ of *certiorari* should be 21 granted.

Dated New York, May 4, 1907.

Louis Hicks,
Solicitor for Petitioner.
Office and Post Office address,
71 Nassau Street,
New York, N. Y.

22 State and County of New York, ss.:

EDWARD F. LEEDS, being duly sworn, says: That the Leeds & Catlin Company, the petitioner named in the foregoing petition, is a corporation organized and existing under the laws of the State of New York and that he is president thereof; that he has read the foregoing petition and knows the contents thereof, and that the same is true to his knowledge, except as to the matters therein stated to be alleged upon information and belief, and that as to those matters he believes it to be true.

EDWARD F. LEEDS.

Subscribed and sworn to
23 before me this 6th day
of May, 1907.

HARRY C. ADAMS,
Notary Public,
[NOTARY'S SEAL.] New York Co.

24

APPEAL PTG. CO., 14-16 Vesey St., N. Y.

Argued by
Louis Hicks.

United States Circuit Court of Appeals

FOR THE SECOND CIRCUIT.

LEEDS & CATLIN COMPANY,
Plaintiff-in-Error
(Defendant below),

vs.

THE VICTOR TALKING MACHINE COMPANY, *et al.*,
Defendants-in Error
(Complainants below).

BRIEF FOR PLAINTIFF-IN-ERROR.

Statement.

This cause comes here by writ of error to the Circuit Court for the Southern District of New York. The record consists of two parts, the *injunction record*, or record on appeal from the decree for preliminary injunction herein, and the *contempt record*, or record certified pursuant to the writ of error. By stipulation (contempt record, p. 122) the injunction record is part of the record certified pursuant to the writ of error. An order of this court to that effect has been entered pursuant to the stipulation.

The cause is a patent cause in equity. The patent in suit, No. 534,543 of Feb. 19, 1895, to Berliner for a Gramophone (inj. rec. p. 452) was sustained at final hearing by Judge Hazel in a prior suit (*Victor T. M. Co.* v. *Amer. Graphophone Co.*, 140 Fed. 860) and the decree was affirmed on appeal by this court, upon Judge Hazel's opinion, except as to question of prior use (145 Fed. 350). Thereupon a motion for preliminary injunction was made against this defendant and granted by Judge Townsend (146 Fed. 534). The preliminary injunction was stayed pending appeal (inj. rec. p. 330) and the decree for preliminary injunction was affirmed on appeal (148 Fed. 1022).

The Preliminary Injunction and Decree Therefor.

The preliminary injunction (con. rec. p. 14), which followed the decree therefor (inj. rec. p. 328), read as follows:

> "Now, therefore, we strictly command and enjoin you, the said Leeds & Catlin Company, and your associates, servants, clerks, agents and workmen, and each and every one of you, from *manufacturing*, *using*, or *selling*, until further order of this court, *sound reproducing apparatus or devices embodying the subject matter of claim 35* of the letters patent in suit, which claim reads as follows, namely:
>
> > '35. In a sound reproducing apparatus consisting of a travelling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described.'
>
> and from *manufacturing*, *using* or *selling*, or in any way *disposing of apparatus or devices which embody the method specified in*

claim 5 of letters patent in suit, which claim reads as follows, namely:

> '5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described.'

and from using or employing in any way the method specified in said claim 5."

Upon the settlement of the above decree for preliminary injunction, complainants' counsel presented an order (con. rec. p. 106) containing a provision restraining defendant from "manufacturing, using or selling or in any way disposing of apparatus or devices" "*which is intended to be operated in accordance with said method claim 5.*" This order, however, was *not* signed by Judge Townsend (con. rec. p. 105, fol. 269) and such provision is not contained in the preliminary injunction or decree therefor.

The Infringement Found in the Prior Suit and on the Motion for Preliminary Injunction in This Suit.

In the prior suit, as stated by Judge Hazel (140 Fed. 860, 866), infringement was not controverted, nor was it controverted upon the motion for preliminary injunction in this suit. In both suits the validity of the patent was attacked. There was, therefore, no expression of opinion whatever by the Courts as to what constitutes an infringement of claims 5 and 35 of the patent suit. It is necessary, therefore, to refer to the records in order to ascertain what the proof of infringement was in each suit. The evidence shows (aff. Hicks, con. rec. p. 101), that in the prior suit of these complainants against the American Grapho-

phone Company (140 Fed. 860, affirmed 145 Fed. 350);—

> "The proof of infringement by the American Graphophone Company in that suit rested upon the following stipulation, which is to be found at page 15 of the record on appeal in that suit:
>
> > 'It is stipulated between counsel that the foregoing exhibits marked respectively 'Complaints' Exhibit, Defendant's Machine,' and 'Complainants' Exhibit, Defendant's Sound Record' were made by the defendant and sold within the Southern District of New York subsequent to the date of the patent in suit and prior to suit brought and that the said record exhibit was made for use upon the said machine exhibit and was so used.'
>
> "There was no other proof of infringement, and the proof of infringement in that suit, therefore, is confined to the manufacture, sale and use by the American Graphophone Company of the invention of claims 5 and 35 of the patent in suit as embodied in the said exhibits."

Referring to the proof of infringement in the prior suit, Mr. Leeds, in his affidavit, says (con. rec. p. 51);—

> "In the prior suit against the American Graphophone Company, as appears from the record in said suit, the infringement charged was based upon a stipulation between counsel for complainants and defendants in that suit that defendant had made and sold a machine and a sound record which were offered in evidence, and that the said record exhibit was made for use upon the said machine and was so used. The proof, therefore, was under the stipulation that the defendant in that suit made, sold and used all the elements covered by claims 5 and 35 of the patent in suit and infringement was accordingly found. The right to make and sell sound records independently

> of the machines was in no way litigated in the prior suit, and was not passed upon by the courts in the prior suit."

Referring to the proof of infringement upon the motion for preliminary injunction in this suit, Mr. Leeds, in his affidavit, says (con. rec. p. 51):—

> "Upon the motion for preliminary injunction in this suit, the infringement alleged was that defendant had sold a sound reproducing machine, known as the Ohio Talk-o-phone, together with disc sound records. The sound reproducing machine, or Talk-o-phone, was a machine not manufactured or sold by complainants or their licensees, and the combination of said machine and said sound records sold by defendant was held to be an infringement of claims 5 and 35 of the patent in suit, said holding being based upon the finding in the prior suit. The preliminary injunction and the decree, therefore, in this suit enjoins defendant from making, using or selling sound reproducing apparatus or devices embodying the subject matter of claims 5 and 35 of the patent in suit, and from using or employing in any way the method specified in said claim 5."

Upon the question of infringement in the prior suit and in this suit, the evidence further shows (aff. Hicks, con. rec. p. 102):—

> "Upon the motion for preliminary injunction in this suit, the sole proof of infringement consisted in affidavits alleging that defendant sold a machine known as the Ohio, Talk-O Phone, together with sound records for use thereon. Defendant admitted that in the settlement of an account with the Talk-O-Phone Company it had taken in part payment a few Talk-o-phones. Hence, in the prior suit, the question of infringement was confined to the making, using and selling by defendant of machines and sound records for use thereon, and in this suit the question of

> infringement was confined to the selling by defendant of machines not licensed by complainants, together with sound records, for use thereon. In each case the machines combined with the records embodied the invention of claims 5 and 35 of the patent in suit, and did not operate by the aid of mechanical feed-devices of the prior art. The questions which complainants seek to raise upon this motion were not adjudicated by the Courts, either in the prior suit or in this suit."

It is clear, therefore that in the prior suit and in this suit the question here involved was in no way litigated or passed upon; that the finding of infringement, which was not controverted in either suit, rested upon proof of the making, using and selling of sound reproducing apparatus, containing *all* of the elements of claim 35 and operating according to the method of claim 5, which machine and record had not been made or sold or licensed by complainants or their licensees.

The attempt of complainants to misstate the scope of the decision in the prior suit met with the most severe condemnation by Judge Hazel (145 Fed. 188). In the prior suit, immediately after the entry of Judge Hazel's final decree, complainants sent a misleading circular to the trade dated October 28, 1905. In that circular it was stated that Judge Hazel's decision placed the Victor Company "in control of the disc situation," and, in addition, complainants said in the circular,

> "but all dealers who continue to handle infringing machines and records we shall unquestionably hold liable."

Thereupon the American Graphophone Company moved before Judge Hazel to compel complainants to recall the circular, and Mr. Lyle in his affidavit in support of the motion, said;—

> "In the second place, since the suit relates

> to disc talking machines and *not to disc records*, since all goods are licensed in any event, and since the operation of the decree has been suspended by order of the court—we should not be called upon to rectify the want or injury."

The opposing affidavit of Mr. Douglas of the Victor Company made no denial of the statement that the suit related to disc talking machines and *not to disc records*. Judge Hazel, though denying the motion to compel the complainant to recall its original circular or give the relief sought, because doubtful upon the question of jurisdiction, said (145 Fed. 188):—

> "*The asserted good faith of the complainant is not entirely beyond question.* * * * This is shown by its omission to state in the circular that *the defendant had the legal right to sell the records*, and by its precipitancy in publishing or advertising the decision of the Court. * * * The circular may not have been false or fraudulent, and counsel's interpretation of the opinion may not be inaccurate; but knowing that the case would be reviewed on appeal. * * *"

That case was No. 8627 in the Circuit Court and the papers filed therein show the foregoing facts. The complainants' circular was artfully worded, and its good faith was not beyond question. "*The defendant had the legal right to sell the records.*" In their circular complainants spoke of "infringing machines and records" which Judge Hazel said may not have been a false and fraudulent statement, and may not have been inaccurate. Clearly, in Judge Hazel's opinion, the statement was misleading and the bad faith of complainants apparent. The decision sustaining the patent upheld the combination only of the record with the reproducing machine. This was the extent of the adjudications by the courts upon the ques-

tions first presented for decision upon the motion to punish this defendant for contempt.

In an attempt to explain away the clear intimation made by Judge Hazel (145 Fed. 188), that complainants' misleading circular with reference to Judge Hazel's decision in the prior suit on the patent here involved, not only indicated the bad faith of complainants, but was also false and fraudulent, complainants' counsel in his reply brief in the court below argued that when Judge Hazel said that "*the defendant had the legal right to sell the records*" he made the statement inadvertently and meant to say machines and records, notwithstanding the affirmative contention of the American Graphophone Company made in Mr. Lyle's affidavit that the suit was one relating "to disc talking machines and not to disc records." Whatever else may be said in regard to Judge Hazel's opinion upon the motion based upon complainants' misleading circular, *this fact is clear*; that Judge Hazel did *not* say that the making and selling of records was *not* the legal right of the defendant or was within the scope of the injunction granted in the case. It took one hundred and twenty-five pages or more of argument on the part of complainants' counsel in the Court below to attempt to show that defendant has not the right to sell sound records. This fact is in itself convincing proof that no court had ever held that defendant had not the right to sell sound-records for use "in machines (other than 'mechanical feed' machines) *sold by complainants or their licensees, combined with such records*" (con. rec. p. 113, fol. 299), the act, and the *only* act, for which defendant was held to have violated the injunction.

The Vital Element of the Claims, 5 and 35, in Suit.

Claim 35 covers the *sound reproducing apparatus*, shown in Fig. 3 of the patent in suit (inj. rec. p. 454) or in Fig. 10 of Berliner's patent No. 564,586 (inj. rec. p. 465). Claim 5 covers the *method* by which sounds are reproduced from a sound-record by means of such an apparatus. The *vital element* of the invention resides in the *universal joint* 87 or *swinging arm* 88 (Fig. 3, inj. rec. p. 454) or similar device (Fig. 10, inj. rec. p. 465) whereby the stylus is "free to be *propelled*" by the record. The sound record, mentioned in the claims, existed before the date of the invention of the patent in suit, as hereinafter shown, and had been used for the reproduction of sound by means of "*mechanical feed*" sound reproducing apparatus, wherein the stylus was *not* "free to be *propelled*" by the *record*, but was positively propelled across the face of the record by a *feed-screw*. This appears clearly from Fig. 8 of Berliner's prior English patent No. 15,232 of Nov. 8, 1887 (inj. rec. p. 526); also from Fig. 1 of Berliner's corresponding home patent, No. 564,586 of July 28, 1896 (inj. rec. p. 463) which expired Nov. 8, 1904, with the said prior British patent. The illustration, Fig. 1, of the article in the Electrical World for Nov. 12, 1887 (inj. rec. p. 243), shows the same disc sound record with lateral undulations of even depth, illustrated also in Fig. 2 thereof, employed for the reproduction of sound by means of the "mechanical feed" or feed-screw machine; while the illustration of the article on "The Improved Berliner Gramophone" in the Electrical World for Aug. 18, 1888 (inj. rec. p. 274), shows the same sound record used for reproduction of sound upon a machine embodying the invention of the patent in suit, in which the stylus,

by means of the swinging arm, is *free to* be propelled across the face of the record by the record and is not positively moved across the record by a mechanical feed-device or feed-screw, of the prior art.

Expired Berliner home patents, No. 372,786 of Nov. 8, 1887, applied for May 4, 1887 (inj. rec. p. 416) and No. 382,790 of May 15, 1888 (inj rec. p. 434), decribe and claim the making of cylindrical and disc sound records having lateral undulations of even depth and Fig. 1 of the former shows the use of such sound records upon a "mechanical feed" machine. The expired, prior, Berliner, English patent No. 15,232 of Nov. 8, 1887 claims the sound-record of lateral undulations and even depth as a product (inj. rec. p. 525, claim 15) and Figs. 1 and 8 thereof show such records in the form of a cylinder and a disc employed for the reproduction of sound by the aid of a stylus mechanically fed, by a feed-screw, across the face of the record; the corresponding, expired, Berliner, German patent, No. 45,048 of Nov. 8, 1887 (inj. rec. p. 132) shows the same.

The essence of the invention, the vital element, of the claims 5 and 35 in suit, resides, therefore, in the mounting of the stylus so that it is free to be propelled by the record; it does *not* reside in the record. As was said by this Court upon the oral argument of the appeal in the prior suit, *the invention consisted in discarding the feed-screw of the prior art.*

Thus before Berliner made the invention of the patent in suit, by discarding the feed-screw of the prior art, he employed "mechanical feed" or feed-screw machines to reproduce sounds from *disc sound records of lateral undulations and uniform depth.* The operation of such feed-screw machines of the prior art, in reproducing sounds from such disc records, was in every respect *identical* with

the operation of the machines of the patent in suit, *except* that in the one case the feed-screw propelled the stylus across the record or the record over the point of the stylus, while in the other the stylus was free to be propelled and was propelled by the record groove across the record. In each case the stylus vibrated laterally, in accordance with the lateral undulations of the record groove and in each case *the disc sound record, of lateral undulations and uniform depth, was the same.* But long before Berliner employed his feed-device gramophone of the prior art, the Edison phonograph (inj. rec. p. 484, Figs. 1 and 2; p. 336, par. 4; p. 346, Fig. 1) and the Bell and Tainter graphophone (inj. rec., p. 387, Fig. 1, etc.; p. 443, lines 7-15) of the prior art also employed feed-screws to propel the stylus over, and to reproduce sound from, disc records. Hence Judge Hazel, with whom this court agreed, distinguished the principle of the Berliner machines of the claims, 5 and 35, in suit, from the Bell & Tainter graphophone as follows (140 Fed. 863):

> "The principle of operation in the Berliner machine is thought to be essentially different from that of the machine of Bell & Tainter. In the latter an auxiliary joint or feed screw was necessary, as already stated, to effectuate the required passage of the record over the point of the stylus, or to cause the stylus and reproducer diaphragm to travel across the surface of the record. In complainants' patent, on the other hand, it is shown that the lateral vibrations of the stylus point, and the propelling of the same over the surface of the record without mechanical assistance, and through the means of the groove alone, was the primary object of the inventor."

Judge Hazel also said (140 Fed. 861);—

> "At the date of the invention in suit it was not new to record sound and articulated words and *reproduce the same by suitable mechanical means*."

The Decree for Contempt.

The decree for contempt (con. rec. p. 112), from which the cause is brought to this court by writ of error, found that defendant company

> "has violated said order and writ of injunction of this Court, in that defendant, after said order and writ of injunction, sold the *records* of claim 35 of the patent in suit, No. 534,543 of February 19, 1895, to Berliner, with the intent that said records should be used in combination with the other elements of that claim in *machines* (other than 'mechanical feed' machines), *sold by complainants or their licensees, combined with such records*, for use in carrying out the method of claim 5."

A fine of $1,000, payable one-half to the United States and one-half to complainants, was by the decree imposed upon the defendant company. An order staying the collection of the fine pending this appeal was entered on the same day (con. rec. p. 114). Furthermore, an order partially staying the preliminary injunction and decree therefor was also entered on the same day (con. rec. p. 115),

> "in so far as the same have been construed by this Court on the motion for contempt to enjoin and restrain defendant from selling disc sound *records* for use in the United States upon *machines sold by complainants and their licensees, together with disc sound records*."

The opinion of Judge Lacombe upon the motion for contempt is to be found at page 110 of the contempt record. From the order staying the collec-

tion of the fine and from the order partially staying the preliminary injunction and decree therefor, pending this appeal, by writ of error, it appears that Judge Lacombe entertained considerable doubt upon the question of law raised. From the order partially staying the preliminary injunction and decree therefor, it conclusively appears that in the opinion of Judge Lacombe the question raised upon the motion for contempt had not been passed upon by Judge Townsend when the decree for preliminary injunction was entered, or by the Circuit Court of Appeals when that decree was affirmed, and had not been passed upon either by Judge Hazel or the Circuit Court of Appeals in the prior suit of these complainants against the American Graphophone Company, wherein the patent in suit was sustained at final hearing and infringement found. It will not be disputed by complainants' counsel that upon the settlement of the orders referred to, Judge Lacombe stated that seven judges out of ten would have denied complainants' motion for contempt; that the question presented was a pure question of law, and that under the authorities great doubt existed upon the question of law, and that complainants were extremely fortunate in securing the decree for contempt, instead of being obliged to raise the question by appropriate proceedings other than a motion to punish for contempt.

It will be seen from the part above quoted from the decree for contempt that the violation of the order and writ of injunction found by the court, rests, first, upon the alleged "intent" with which the records were sold; and second, upon the intended use of the said records, namely, the intended use thereof in combination with the other elements of claim 35 in machines (other than "mechanical feed" machines *sold by complainants or their licensees combined with such records.*

There is no finding that the records sold by defendant company were ever used upon any machine of any kind for the reproduction of sound therefrom; and there is no evidence whatever to show that the records alleged to have been sold by defendant company in violation of the injunction were ever used upon any machine of any kind for the reproduction of sound therefrom. The important point, however, is that the finding of contempt rests exclusively upon the sale by defendant company of records with the intent that such records should be used upon *machines* (other than "mechanical feed" machines) *sold by complainants or their licensees combined with such records*. In other words, the finding is that complainants and their licensees had sold the *complete combination* of claim 35, including the record, for use in carrying out the method of claim 5, and that defendant company had sold records to such purchasers of the complete combination from the complainants and their licensees, with the intent that the purchaser, who had paid the consideration or royalty to complainants or their licensees for the complete combination and who had thereby obtained title to the complete combination released from the monopoly of the patent and the laws of the United States, should use the records purchased from defendant company to replace the records previously purchased as part of the complete combination from complainants and their licensees. There is no finding that such purchasers of the complete combination from complainants and their licensees and of records from defendant company intended to use, or ever did use, the records purchased from defendant company for *an unlawful purpose*, unless the mere fact of the purchase of the record from defendant company for use in replacing the record in the complete combination purchased

from complainants and their licensees is in itself an unlawful act, no matter what may have been the cause of the purchase. The logical and clear effect of the finding of the Circuit Court is that a purchaser of the complete combination of claim 35 of the patent in suit, sold by complainants and their licensees for use in carrying out the method of claim 5, commits an unlawful act and infringes those claims of the patent.

(a) If the record of the combination purchased from complainants and their licensees is *broken* and the purchaser obtains, from another than complainants or their licensees, a new record in order *to restore the combination*.

(b) If the record is *old or worn out by use* and the purchaser obtains, from another than complainants or their licensees, a new record in order *to restore the combination*.

(c) If the purchaser of the complete combination from complainants or their licensees desires *to improve upon* the combination so purchased, and for such purpose obtains, from another than complainants and their licensees, a new record *to replace the record* purchased as part of the complete combination from complainants or their licensees.

(d) If the purchaser of the complete combination from complainants or their licensees desires *to substitute a new record* for the record forming part of the complete combination purchased from complainants or their licensees, and for such purpose obtains a new record from another than complainants or their licensees.

(e) If a purchaser of the complete combination from complainants or their licensees desires *to have on hand new records in order to restore the combination* purchased from complainants or their licensees, when the record

thereof has become *broken, old, worn out by use or for other reason unsatisfactory or useless*, and for such purpose purchases a new record from another than complainants or their licensees.

(f) If the purchaser of the complete combination from complainants or their licensees desires not to re-construct the patented combination but *to deal with it in the same manner as if dealing with property of any other kind, for the purpose of repairing it or improving upon it*, and for such purpose obtains from another than complainants or their licensees a new record to replace the record of the combination purchased from complainants or their licensees.

The sound record is a perishable, temporary part of the combination forming the sound reproducing apparatus of the patent in suit and it is intended that the sound record shall frequently be replaced. The rest of the apparatus, except some forms of needles, is permanent in its nature and will last indefinitely for years.

It will be seen that the above statement is established by the evidence beyond the possibility of doubt or dispute. Indeed, a mere inspection of the sound reproducing apparatus and a consideration of the wear upon the record when the apparatus is used for the reproduction of sound, would alone be sufficient to establish this point. However, the testimony of the experts, not only of defendant, but also of complainants, shows that the point is undisputed. Judge Lacombe, in his opinion on the motion for contempt, found that new records are frequently bought "as substitutes for worn out discs" (con. rec. p. 111, fol. 294); but he held that because new records are "bought

more frequently in order to increase the repertory of tunes than as substitutes for worn out discs," the substitution of new records "in machines (other than 'mechanical feed' machines) sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5," was not in any legitimate sense "repairs" (con. rec. p. 111, fol. 224). In this the learned Circuit Judge clearly erred. He conceded that the new records were frequently purchased as substitutes for worn out discs. The right to substitute a new record for a worn out record is a matter so clear, as a proposition of law, that argument is unnecessary, under the authorities, to establish it. This being true, the fundamental principle of defendant's contention is established; namely, the right of a purchaser of "machines (other than 'mechanical feed' machines) sold by complainants or their licensees *combined with such records*, for use in carrying out the method of claim 5", to substitute a new record, purchased from another than complainants or their licensees, for the record purchased as part of the combination from complainants or their licensees, when the record purchased from complainants or their licensees has become broken, worn out by use or unsatisfactory or useless through any other cause. If the purchaser has the right, and it must be conceded that he has, to substitute a new record for the record originally purchased as part of the combination from complainants or their licensees, what difference does it make whether he purchases a hundred records or only one to make the substitution? What principle of law can be evolved from the finding of the learned Circuit Judge that new records are bought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs, other than the untenable and

erroneous principle that complainants are entitled to a monopoly of the unpatented disc sound record? It is not intended at this point, to enter upon any full discussion of the law, and, as will hereinafter be shown, according to the well settled law, the rights of a purchaser of a patented combination exceed those above indicated. We are now dealing with the facts to which the principles of law must be applied, and in order that the court may be cognizant of the important facts, that the sound record is merely a temporary and perishable element of the patented combination and that it is intended that the sound record shall frequently be replaced, while the other elements of the combination, constituting with the sound record the sound reproducing apparatus, will last infinitely for years, the following quotations from the evidence are made.

Mr. Edwards F. Leeds, one of the foremost record makers of this country, who has been engaged in the making of sound records from the time of the North American Phonograph Company which was organized in 1888 to exploit the fundamental inventions of the art of Mr. Edison and Bell & Tainter (inj. rec. p. 115, fols. 345-346) says (con. rec. pp. 62-64):—

> "I have been engaged in the manufacture of sound records of the disc and cylinder type having lateral and vertical undulations for the past fifteen years. I have, therefore, acquired a large experience and knowledge of talking machines and sound-records used therewith. The sound-record is not a part of the sound reproducing apparatus or machine which is permanent; it is essentially a temporary part, perishable in its nature and intended frequently to be replaced. The rest of the machine, except some forms of needles, is permanent in its nature and will last indefinitely for years, but the record may last

for but a few minutes or a few days, depending upon the material of which it is composed and the number of times that it is used for the reproduction of sound therefrom. The needle used for contact with the sound-record in the production of sound is usually made of steel and has a sharp point. This needle fits into the record groove, and is vibrated and propelled by the record-groove. The result is that the needle wears upon the record and it is intended and it is essential for the enjoyment and use of the machine that the record shall constantly be renewed. Complainants sell their machine embodying the invention of claims 5 and 35 of the patent in suit at prices ranging, according to their statement of June 1, 1906, from $17 to $100 each; while they sell their records, according to the same statement, at prices ranging from 35 cents to $5 each. If the purchaser had not the right to replace the temporary part, the record, which it is intended he shall replace, he would pay from $17 to $100 for a machine which would reproduce for him but a single record for which he may have paid only 35 cents. Therefore, as shown in the moving papers, it has been the custom of complainants and their licensees to sell sound-records in order to replace the sound records sold with the machine and worn out or destroyed by use or accident. The machines are so constructed that the record can be placed upon it or removed therefrom simply by placing the record upon or taking the record off the flat disc turn-table.

From tests which I have made and which have been made by others within my knowledge, as well as from my large experience in manufacture, I know that disc sound-records having lateral undulations such as defendant's and complainants' sound-records intended for use upon complainants' machines embodying claims 5 and 35 of the patent in suit can be used for the reproduction of sound but a very limited number of times. Unless the material of which the tablet is composed

is unusually perfect the record cannot be successfully played more than twenty-five or thirty times before it has to be renewed. Often a single reproduction or two or three reproductions will destroy the record because of the quality of the material or because of the conditions under which the needle acts when following the record-groove. Frequently a record becomes useless after being played for ten or twelve times. In exceptional cases a record can be played more than thirty times and as often as fifty or sixty times. It takes but a minute or two to play a record, and the same record can be played many times within one-half hour, a sufficient number of times to destroy it, wear it out and render it useless. The records, moreover, are fragile in their nature and are often broken in transportation, or by falling or other cause. Inexperienced users frequently scratch the record across the spiral lines and otherwise, through lack of proper adjustment of the needle to the record-groove, and in this manner and in other ways the records are destroyed in large quantities. Another reason why the record is intended to be but a temporary part of the machine is that after the record has been played several times it becomes tiresome.

After a single playing of the record the deterioration of the record appears. Complainants' records, after a few playings, become gray in appearance along the record-groove, showing that the friction of the needle has chipped off the edges, cut into the smooth finish of the surface, and otherwise worn out the material. The deterioration rapidly increases the oftener the record is played, until soon the record is useless. Records made by complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times, and the same is true of similar records made by the American Record Company. Hence, one of the problems in the record-making art is to secure a material so

perfect that it will withstand the friction of the needle a greater number of times. At the present time and heretofore sound records such as those in suit have been made by different manufacturers, including complainants and defendant, and complainants' licensees and others mentioned, of substantially the same material, all having the qualities and defects above specified by reason of which and for the other reasons stated the record is essentially a very temporary part of the machine and is intended constantly to be replaced?"

Mr. Bunker, who has for several years been actively engaged in the talking machine business as a dealer and salesman, says (con. rec. pp. 89-90):—

> "The record is a temporary part of all sound-reproducing machines, and this is especially true of sound reproducing machines intended for the reproduction of sound from flat disc records having lateral undulations. Such machines employ a sharp steel needle which fits into the record-groove and soon wears out and destroys the record. A very few reproductions of sound from a record will in many cases render the record useless. Often from ten to fifteen reproductions will wear out and destroy the record. Ordinarily a record can be played for about twenty-five to thirty times, and in some cases, if the material of which the record is made is of exceptional character, the record can be played a greater number of times, but the record begins to wear out with the first playing thereof; hence such machines are so constructed that the records can constantly be replaced, and it is the practice to replace the record after one or two playings."

Mr. Leo Moeller, who has for the past five years been engaged in the manufacture of disc and other sound records, says (con. rec. pp. 98-99):—

> "Flat disc sound-records having lateral undulations are a very temporary part of a sound reproducing machine. All sound reproducing

machines employing such records are designed and constructed so that the record may conveniently and frequently be removed and replaced. A machine constructed so that the record could not conveniently be removed and replaced would be of no value whatever, since after the record had been played a few times it would be worn out and destroyed and the machine would then become useless. The lasting qualities of flat disc-sound-records having lateral undulations depend upon the material of which the tablet is composed and upon the perfection of manufacture of the record. All such records are made substantially to-day of the same material. The first time that the reproducing stylus passes over the record-groove, the record begins to wear out. The stylus is a a sharp steel needle, and it cuts into and wears down the edges of the surface of the record. Not infrequently a record is destroyed the first time that it is played. Ordinarily a record may be played for about thirty times. Often from ten to fifteen reproductions will destroy a record, while sometimes, if the record is an exceptional one, it may be successfully played as often as fifty or sixty times. However, an inexperienced user of a machine may scratch the record even before playing and thus destroy the record, and often the records are broken and thus become useless."

The foregoing testimony of defendant's experts finds confirmation not only in the finding of the court above referred to, but also in the affidavits of complainants' experts.

Mr. Middleton, secretary of the Victor Talking Machine Company, says (con. rec. p. 37):

"A large portion of the revenue of the complainant company is derived from the sale of its disc records. A purchaser of a machine or reproducing apparatus, for use in reproducing from the record, frequently expends very much less for the machine than he does for his collection of records, as *records are*

being constantly purchased by the purchaser of a machine from time to time; $25 frequently represents the purchase of a machine, while the owner of that machine, in a short space of time, will expend at least as much as $100 for records."

Mr. Haddon, treasurer of the Victor Talking Machine Company, says (con. rec. p. 40):—

> "A large portion of the Victor Company's business has been, and is, in the manufacture and sale of disc records, for use in connection with the reproducing apparatus which it makes and sells, and a large proportion of its profit is derived therefrom. When it sells a reproducing apparatus to a purchaser, which is part of the combination of claim 35, it is to be used in combination with the other element of the claim, sold by the complainants, the traveling tablet or record, which it also sells to the purchaser at a separate price, distinct from the price of the reproducing element."

In a further affidavit Mr. Middleton, secretary of the Victor Company, states, that for several years past he has had a great deal of experience in the testing of disc records having a laterally undulating groove of even depth, and that he has many times made special tests to ascertain the quality and durability of the records (con. rec. p. 45, fol. 134). Mr. Middleton then says (con. rec. p. 45):

> "I often take a record out of our stock as a sample record, and spend practically a whole afternoon and evening continuously testing it on one of our reproducing machines, playing the selection over and over again to ascertain whether the material of the record disc is kept up to our standard, besides other numerous and frequent tests which I make with different records at different times for like purposes. I have been doing this at frequent intervals for three or four years."

Referring to the statement of defendants' expert, Mr. Moeller, "that the stylus is a sharp needle and cuts into and wears down the edges of the surface of the record," Mr. Middleton says (con. rec. p. 46):—

> "The point of a properly formed needle for this purpose, such as sold by complainants, is specially ground and shaped so as not to cut the record."

Although Mr. Middleton booms complainants' records and claims for them a durability greater than that of the records of any of the competitors of the complainant companies, it is clear that the essential proposition, namely, that the sound record is a perishable and temporary element of the combination forming the sound reproducing apparatus of claim 35, and that it is intended that the record shall frequently be replaced is established. By a stretch of conscience or of imagination Mr. Middleton claims that complainants' superior records can be played two hundred fifty to three hundred times. "Infringing records", however, he says, can be played fifty or sixty times (con. rec. p. 46). As pointed out by Mr. Leeds, the records made by complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times. This Mr. Middleton does not deny. The fact that Mr. Middleton has for several years been engaged night and day in the testing of complainants' records to keep them up to the standard of durability; the fact that the points of the needles sold by complainents are specially ground and shaped so as to prevent the needle, as far as possible, from cutting the record, and the admission that complainants' records soon reach their limit of durability, even though they may be played oftener

than infringing records can be played, must convince the court of the truth of the self-evident fact that the disc sound record is a most delicate, temporary and perishable part of the combination of claim 35 of the patent in suit. It takes but a minute or two to play a sound-record, and, as Mr. Leeds points out, the same record can be played many times within one-half hour, a sufficient number of times to destroy it, wear it out and render it useless. Inexperienced users frequently scratch the record across the spiral lines or otherwise break or destroy the record before playing. The life of the record is therefore a matter of a few hours, as must be the case when the same record is frequently played in the penny-in-the-slot machine; or a matter of a few days or weeks or months, depending entirely upon the number of times that it is used. If it is used, it will with certainty be worn out and destroyed within a very short period of time. The machine is, therefore, so constructed that the records can easily be placed upon it or removed from it. The rest of the apparatus, except some forms of needles, will last indefinitely for years. It is difficult to imagine a more temporary or perishable part of a patented combination than is the sound-record of the combination of claim 35. The sound-record is obviously essentially like the toilet paper of the Morgan Envelope Company case. When Judge Lacombe said that the sound-record is wholly unlike the toilet paper in the Morgan Envelope Company case (con. rec. p. 111), it is clear that he erred, because he said that the toilet paper "was destroyed by a single use." Clearly the toilet paper which formed a part of the combination of the patent in the Morgan Envelope Company case was capable of a greater number of uses than is the sound-record. The toilet paper is used from time to time until the bundle has been consumed; so the sound-record is played

from time to time until the sound-record has been destroyed. Both are like the cutting knives of the planing machine case. The cutting knives would last from sixty to ninety days. Each time the knives were used they became less perfect, until at the end of the sixty or ninety days they were destroyed, just as the sound-record is destroyed after it has been played the requisite number of times, usually from fifteen to sixty times.

Complainants and their licensees sold the combination of claim 35, the sound reproducing apparatus, including the sound record thereof, to purchasers, without any restriction whatever.

The finding of the Circuit Court that defendants violated the preliminary injunction is limited, as above shown, to the sale of records by defendant to persons who had purchased "machines (other than 'mechanical feed' machines) sold by complainants or their licensees *combined with such records*, for use in carrying out the method of claim 5." The undisputed evidence is that complainants and their licensees sold the said machines, combined with such records, that is sold the sound-reproducing apparatus forming the complete combination of claim 35, to purchasers thereof, without any restriction whatever.

Referring to the moving affidavits, especially those of Middleton and Haddon, secretary and treasurer of the Victor Talking Machine Company, one of the complainants herein, it appears that they each make the following allegation (con. rec. pp. 35-36, 40);—

> "There are to-day, in use in the United States, many hundreds of thousands of reproducing apparatus of this construction, de-

> signed to be operated in this manner for reproducing sound from disc records similar to the said records manufactured by the defendant."

The reproducing apparatus referred to in the said affidavits are machines constructed according to claims 5 and 35 of the patent in suit by complainants and their licensees and sold, combined with records, to hundreds of thousands of purchasers throughout the United States. Mr. Middleton in his affidavit further says (con. rec. p. 37):—

> "A large portion of the revenue of the complainant company is derived from the sale of its disc records. A purchaser of a machine or reproducing apparatus, for use in reproducing from the record, frequently expends very much less for the machine than he does for his collection of records, as records are being constantly purchased by the purchaser of a machine from time to time; $25 frequently represents the purchase of a machine, while the owner of that machine, in a short space of time, would expend at least as much as $100 for records.

Mr. Haddon in his affidavit also says (con. rec. p. 40):—

> "A large portion of the Victor Company's business has been, and is, in the manufacture and sale of disc records, for use in connection with the reproducing apparatus which it makes and sells, and a large portion of its profit is derived therefrom. When it sells a reproducing apparatus to a purchaser which is part of the combination of claim 35, it is to be used in combination with the other element of the claim sold by the complainants, the traveling tablet or record * * *"

There is not a word in any of complainants' affidavits to the effect that complainants or their

licensees ever sold their machines and records with any restriction upon the right of the purchaser to replace the perishable, temporary part of the combination, namely, the record, when worn out, broken or otherwise rendered useless, by records either of his own manufacture or purchased from manufacturers other than complainants or their licensees. On the other hand, it appears from defendant's affidavits that complainants and their licensees, the American Graphophone Company and the Universal Talking Machine Company, have sold within the United States, hundreds of thousands of machines and records forming the combinations of claims 5 and 35 in suit without any such restriction. It further appears from defendants' affidavits that purchasers of such machines and records from complainants or their licensees have been accustomed to replace the records sold by complainants by records sold by one of their licensees; and that purchasers of such machines and records from one of the licensees have been accustomed to replace the records by complainants' records; and that all purchasers have been accustomed to replace said records purchased with said machines by records not made or sold by complainants or their licensees, and have at all times, from the beginning down to the present day, understood that such was their right, and no intimation of any restriction to the contrary has ever been given by complainants or their licensees (con. rec., affs., E. F. Leeds, pp. 60-62, fols. 180-184; L. H. Bunker, p. 90, fols. 229-230; L. Moeller, p. 99, fols. 257-259).

Defendant Company's Disc Sound Records are unpatented articles of commerce of the Prior Art.

Complainants attempt by these proceedings for contempt to secure a monopoly of the *unpatented*

sound-record of the prior art, which is nowhere claimed in the patent in suit, except as a perishable and temporary part of the combination of claim 35. This combination, the sound reproducing apparatus of claim 35, illustrated in Fig. 3 of the patent in suit (inj. rec. p. 454), complainants and their licensees have sold to the public without restriction (con. rec. p. 61, fol. 182; p. 90, fol. 229; p. 99, fol. 258), thereby releasing the *combination* from the monopoly of the patent.

Defendant's sound records, here in question, were disc sound records of lateral undulations and even depth. Such sound records belong to the prior art and were described and patented by Berliner, the patentee of the patent in suit, in the United States and foreign countries, before the issue of the patent in suit, by numerous patents which have all expired. This appears from U. S. patents No. 372,786, of Nov. 8, 1887, applied for May 4, 1887 (inj. rec. p. 416) and No. 382,790, of May 15, 1888 (inj. rec. p. 434); English patents No. 15232 of Nov. 8, 1887 (inj. rec. p. 516, Figs 1 and 8 and claim 15, p. 525) and No. 7204 of May 15, 1888 (inj. rec. p. 528); German patents No. 45048, of Nov. 8, 1887 (inj. rec. p. 132, claims 1-5, pp. 142-145) and No. 45,079 of May 16, 1888 (inj. rec. p. 145); and from various other patents.

Berliner, moreover, described and illustrated such disc sound records and the use thereof upon "mechanical feed" machines of the prior art, not only in the patents above mentioned but also in the Electrical World for Nov. 12, 1887 (inj. rec. p. 243).

Edison, in English patent No. 1644 of 1878, disclosed, at the time of invention of *all* sound recording and reproducing machines, disc sound records of the zigzag type, that is with lateral undulations of even depth (inj. rec. p. 473, lines 53-57), and the use thereof upon sound-reproducing machines.

which as shown in Figs. 1 and 2 (inj. rec. p. 484) might be feed-device machines or as shown in Fig. 34 (inj. rec. p. 486) might be machines in which the feed-device was dispensed with and the stylus propelled across the record by the groove of the record (inj. rec. p. 479, lines 48-53, claim 1, p. 482).

Bell & Tainter, in U. S. patent No. 341,214 of May 4, 1886, at the time of the invention of the graphophone, disclosed, before Berliner had applied for any of his talking machine patents, disc sound records and the use thereof upon mechanical feed machines (inj. rec. p. 387). As pointed out in Tainter's U. S. patent No. 385,886, of July 10, 1888, the disc graphophone was adapted to operate with a record of lateral, as well as with a record of vertical, undulations (inj. rec. p. 443, lines 7-15). Berliner and Edison, by the patents above mentioned of the prior art, had pointed out the same thing.

Judge Hazel, in construing claims 5 and 35 of the patent in suit, held that the *kind* of record employed was no part of the invention. The invention, he held, as above pointed out at pp. 9-12, consisted in discarding the feed-screw of the prior art as the means of causing the stylus to traverse the record, and in propelling the stylus "over the surface of the record, without mechanical assistance, and through the means of the groove alone" (140 Fed. 863). Judge Hazel said (140 Fed. 864):—

> "The broad claims in suit in my judgment cannot be restricted to a record of even depth, such as described in the specification."

But whether the claims in suit are limited by a record of even depth as an element of the combination thereof, or are not so limited, *it is a proposition, which admits of no dispute, that the*

sound-record is an unpatented article of the prior art, nowhere claimed in the patent in suit. The essence of the invention of the claims in suit resided therefore, not in the sound-record, but in the mounting of a stylus, by means of a universal joint or swinging arm or the like, in such manner that it is free to be propelled by the groove of the disc sound-record of the prior art, which record was used for the reproduction of sound in the prior art in precisely the same manner, except that in the prior art, according to Judge Hazel's decision in the prior suit, the stylus was not free to be propelled by the groove of the record, but was propelled by such mechanical assistance as that afforded by a feed-screw.

The Mechanical Feed-Device Machines of the Prior Art and the Present Day.

It will be seen that in the decree for contempt (con. rec. p. 112), Judge Lacombe expressly excepted "mechanical feed" device machines from the finding of contempt. It is the sale of records by defendant with the intent that said records shall be used in combination with the other elements of claim 35 in machines (other than "mechanical feed" machines) sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5, which Judge Lacombe has held is a violation of the injunction herein. The sale of such records for use on mechanical feed machines is concededly not a violation thereof.

This finding of Judge Lacombe with reference to mechanical feed machines was based upon the following facts proved by the evidence. As shown by the evidence (aff. Hicks, con. rec. pages 102-103):—

"Upon the argument of the motion for pre-

liminary injunction in this suit before Judge Townsend, complainants' counsel refused to contend that the mechanical feed-device Talk-o-phone was an infringement of claim 5 or claim 35 of the patent in suit. Upon this point complainants' counsel said in his brief :

> 'As these so-called 'mechanical feed' machines have not been offered in this case as alleged infringing machines, it is not an issue now in these suits.'

"Complainants' counsel, therefore, refused to discuss the question of the mechanical feed-device Talk-o-phones and stated that he presumed

> 'that the Court does not desire, without the benefit of a full discussion, to say, upon these motions, whether these so-called 'mechanical feed' machines are, or are not, mere attempted evasions of claims 5 and 35 of the patent in suit.'

"In view of the prior art and of Judge Hazel's finding, which also was the finding of the Circuit Court of Appeals in the prior suit, that the propelling of the stylus over the surface of the record without mechanical assistance and through the means of the groove alone was the primary object of the inventor, Berliner, the reason underlying the refusal of complainants' counsel to contend that mechanical feed-device machines were an infringement appears."

Referring to mechanical feed machines, Mr. Leeds, in his affidavit, says (con. rec. pp. 52-53);—

> "On Monday, October 15, 1906, defendant began to use and sell its sound records in connection with said feed-device machines exclusively, and on October 13, 1906, defendant ordered and purchased from the Talk-O-Phone Company one hundred such feed-device machines for use and sale in connection with its sound-records, receiving

> the first consignment thereof early Monday morning, October 15, 1906. As fully shown in the annexed affidavit of defendants' counsel, complainants on the motion for preliminary injunction refused to contend that such feed-device machines were an infringement of any of the claims of the patent in suit, alleging that such mechanical feed-device machines were not in issue in this suit, and complainants' counsel requested the Court not to pass upon such mechanical feed device machines, stating that the Court presumably would not desire to do so without a full discussion, which complainants' counsel refused to make. The Leeds & Catlin Company have been advised by counsel for defendant that such mechanical feed-device machines are not an infringement of the patent in suit, have not been held by the courts to be an infringement of the patent in suit, are not included in the terms of the preliminary injunction issued in this suit, and that complainant's counsel has refused to contend in this suit that such mechanical feed-device machines are an infringement of the patent in suit."

Upon the appeal from the order for preliminary injunction herein, complainants' counsel, referring to defendant's exhibit of defendant's mechanical feed-device Talk-o-phone, again refused to contend that feed-device machines used with disc sound records of lateral undulations and uniform depth were an infringement of claims 5 and 35 of the patent in suit, but as stated in his brief on appeal (p. 197) said:—

> "The court below very properly refused to consider the exhibit, as it was *not* one of defendant's machines purchased by the complainants *or charged with infringement in this case*."

In view of the position taken by complainants' counsel with reference to mechanical feed ma-

chines, defendant's counsel, under Point Ffteen (p. 195) of defendant's brief in the Circuit Court of Appeals, dealing with the point that mechanical feed-device machines do not infringe claims 5 and 35 of the patent in suit, said;--

> "As complainants, in the Circuit Court, refused to contend that the Talk-o-phones, operating by mechanical feed-devices, are an infringement of claims 5 and 35, this point is of importance only in so far as it bears upon the prior art."

Under Point Twelve (p. 187) of defendant's brief in the Circuit Court of Appeals, defendant's counsel stated the sole question of infringement charged by complainants; and referring, not to the mechanical feed-device Talk o-phones, but to Talk-o-phones without mechanical feed-devices, said;—

> "Complainants allege and show by a moving affidavit, however, that the Leeds & Catlin Company sold one of these Talk-o-phones. This raises the question of infringement with reference to the machines as to both defendants, although obviously the question is of small importance as far as the Leeds & Catlin Company is concerned, but of great importance as far as the Talk-O Phone Company is concerned."

It has already been shown in considering above the vital element of claims 5 and 35 in suit, that mechanical feed-device machines were employed in the prior art for the reproduction of sound from disc and cylindrical records of all kinds, especially from disc sound records of lateral undulations and uniform depth. When considering the disc record of lateral undulations and uniform depth as an article of manufacture existing before the date of the invention of the patent in suit, it was shown (*supra*, p. 28) that mechanical feed machines, adapted for the reproduction of sound from disc sound records, lie at

the very basis of the art of recording and reproducing sound, and have been in existence ever since Mr. Edison first invented the phonograph in 1877 (see English patent No. 1644 of 1878, inj. rec. p. 472), and Bell & Tainter first invented the graphophone (see U. S. Patent No. 341,214 of May 4, 1886 inj. rec. p. 387), and Berliner first devised his gramophone of the prior art for the reproduction of sound from disc and cylindrical sound records of lateral undulations and uniform depth, copied in solid resisting material, according to the various processes for which he secured letters-patent (see English patent No. 15,232 of Nov. 8, 1888, inj. rec. p. 516, Figs. 1 and 8; U. S. Patent No. 372,786, of Nov. 8, 1887, Fig. 1, inj. rec. p. 416; U. S. Patent No. 382,790 of May 15, 1888, inj. rec. p. 434; Electrical World for Nov. 12, 1887; inj. rec. p. 243, Figs. 1 and 2).

The evidence shows that such mechanical feed device machines have been manufactured and sold by the millions, from the time of Edison's invention of the phonograph in 1877 down to the present day, for the reproduction of sound from disc and cylindrical sound records of lateral and vertical undulations, and that the allegations of com-complainants' affiants that disc records of lateral undulations can be used only on the machines of claim 35 of the patent in suit are false. Of course this fact and the falsity of the allegations of complainants' affiants are conclusively established by the many patents of the prior art found in the injunction record and above referred to; the affidavits of defendant's experts, moreover, establish the same (affs., con. rec. E. F. Leeds, p. 52, fols. 156-175, p. 82, fols. 205-207; L. H. Bunker, p. 88, fols. 225-227, p. 90, fol. 231; L. L. Leeds, p. 92, fols. 237-247; L. Moeller, p. 96, fols. 249-255).

Defendant's disc sound records are articles of commerce sold for export, and exported, to foreign countries in large quantities.

The evidence on this point is uncontradicted and is set forth in defendant's affidavits (con. rec. E. F. Leeds, p. 59, fols. 176-178, p. 84; L. L. Leeds, p. 94, fol. 243; L. Moeller, p. 98, fol. 255).

Assignment of Errors.

The following is the assignment of errors (con. rec. p. 123):—

The Circuit Court erred in the following particulars:—

1. In holding that defendant violated the order and writ of injunction herein, in that defendant after said order and writ of injunction sold the *records* of claim 35 of the patent in suit, No. 534,543, of February 19, 1895, to Berliner, with the *intent* that said records should be used in combination with the other elements of that claim in *machines* (other than "mechanical feed" machines) *sold by complainants or their licensees combined with such records* for use in carrying out the method of claim 5 of said patent.

2. In holding that the order and writ of injunction herein enjoined and restrained defendant *in any way* from selling the *record* forming an element of the combination of claim 35 of the patent in suit.

3. In not holding that defendant, notwithstanding the order and writ of injunction herein, was at liberty to sell the *record* of claim 35 of the patent in suit for use in combination with the other elements of that claim in *machines, embodying the*

invention of claims 5 and 35 of the patent in suit, *sold by complainants or their licensees.*

4. In holding that the *intent* with which defendant sold records was a violation of the order and writ of injunction herein *without proof* that any record sold by defendant was *used* by the purchaser *in infringement* of claim 35 of the patent in suit.

5. In holding that the *intent* with which defendant sold records was a violation of the order and writ of injunction herein *without proof* that any record sold by defendant was *used* by the purchaser *in infringement* of claim 5 of the patent in suit.

6. In holding that the *intent* with which defendant sold records was a violation of the order and writ of injunction herein *without proof* that defendant *knew or was informed* that the *purchaser intended* to use a record purchased, *in infringement* of claim 5 or claim 35 of the patent in suit.

7. In holding that the selling of records by defendant to be used by the purchaser to *replace* a record purchased by him, from complainants or their licensees, together with a machine, embodying in combination the invention of claims 5 and 35 of the patent in suit, was a violation of the order and writ of injunction herein.

8. In not holding that, under the order and writ of injunction herein, defendant was at liberty to sell records to purchasers, from complainants or their licensees, of machines and records, embodying in combination the invention of claims 5 and 35 of the patent in suit, to enable such purchaser *to repair* the combination of such machine and record when the record should be *worn by use or broken*.

9. In holding that the question of defendant's right to sell records for use on machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees, had been *adjudicated* by the Court against defendant on the motion for or by the order and writ of injunction herein.

10. In not holding that the question of defendant's right to sell records for use on machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees, was *a new and doubtful question which was raised for the first time* upon the motion to punish defendant for contempt, and which should not be passed upon in any such proceeding as a proceeding to punish for contempt.

11. In not holding that the records sold by defendant were adapted for *a useful purpose* other than for use upon machines embodying the invention of claims 5 and 35 of the patent in suit, and that defendant was, therefore, at liberty to sell such records on the *open market.*

12. In holding that defendant sold records with the *intent* that the same should be used in combination with the other elements of claim 35 of the patent in suit on machines sold by complainants or their licensees.

13. In not holding that the purchaser, from complainants or their licensees, of a machine and record embodying in combination the invention of claims 5 and 35 of the patent in suit, had *a legal right to improve upon* the said combination as he saw fit, and that defendant had a right to sell records to such purchaser to enable him to accomplish such purpose.

14. In holding that defendant by the sale of records *contributed to infringement* of claims 5 and

35 of the patent in suit, and thereby violated the order and writ of injunction.

15. In not holding that the record is *a perishable, temporary element* of the combination forming the machine embodying the invention of claims 5 and 35 of the patent in suit, *which must be, and is intended to be, frequently replaced*, and that defendant had the right to sell such records to the purchasers of such combination from complainants or their licensees to enable them *frequently to replace* such perishable, temporary records or parts of the combination.

16. In not holding that complainants and their licensees sold the combination embodying the invention of claims 5 and 35 of the patent in suit to purchasers *without restriction* as to the records to be used to replace those purchased, and that defendant, by reason thereof, had the right to sell records to such purchasers for use in replacing records so purchased with machines from complainants and their licensees.

17. In not holding that defendant's records were *articles of commerce* which defendant could legally sell for *export* to foreign countries, for use in the United States on *mechanical feed-device machines* and for other lawful purposes, and that the sale of records by defendant on the *open market* was, therefore, a lawful act and not a violation of the order or writ of injunction herein.

18. In holding that the question of *contributory infringement* was involved in the sale by defendant of its records, the court *not* finding that defendant sold a record to any person who *constructed the other elements* of claim 35 of the patent in suit for use with such record or to any person who *used such other elements*, except persons who had purchased the same, together with records, from complainants or their licensees.

19. In holding that defendant sold records with an *intent to contribute to the infringing act* of another and in violation of the order and writ of injunction herein.

20. In construing claims 5 and 35 of the patent in suit and the order and writ of injunction herein so as to give to complainants *a monopoly of the unpatented record* forming part of the combination of claim 35.

21. In not holding that when complainants or their licensees sold the combination of claim 35 of the patent in suit, said *combination passed out of the monopoly of the patent* and the purchaser thereof had the *right to repair, improve upon and use the same as if dealing with property of any other kind*, and, therefore, the right to purchase from defendant records *to replace* the records of the purchased combination.

22. In not holding that complainants and their licensees, by the selling of *the elements, other than the record*, of claim 35 of the patent in suit, *impliedly licensed* the purchaser thereof to combine a suitable record with such purchased elements, and for that purpose to purchase such a record from persons other than complainants or their licensees.

23. In holding that the *substitution* of a new record for a record of the combination of claim 35 of the patent in suit is *not a repair* of the combination.

24. In holding that the *substitution* of a new record for a record of the combination of claim 35 of the patent in suit is *not an improvement* of the combination.

25. In holding that a purchaser, from complainants or their licensees, of the combination of claim

35 of the patent in suit, had not the right to purchase from another than complainants or their licensees, a new record *to substitute* in the said combination the new record for the old record thereof *in order to increase his repertory of tunes*, and that defendant had not the right to sell a record to such purchaser for such purpose.

26. In holding that because a purchaser, from complainants or their licensees, of the combination of claim 35 of the patent in suit, may frequently purchase a new record to increase his repertory of tunes, he has not the right to purchase, from another than complainants or their licensees, a new record in order *to repair or improve* the said combination.

27. In adjudging defendant in contempt of the order and writ of injnction herein.

28. In adjudging that defendant had disobeyed the order and writ of injunction herein.

29. In adjudging that defendant be fined in any sum.

POINT ONE.

The sound record is a perishable, temporary element of the combination forming the machine of the patent in suit and it is intended that the sound record shall frequently be replaced. It is well settled law that purchasers of such combinations from the patentee or his licensees have the right to replace such perishable, temporary parts, and that any manufacturer has the right to sell such parts to such purchasers for such purpose. The Circuit Court, therefore, erred in holding that defendant violated the injunction by selling records with the intent that the same should be used in combination with the other elements of claim 35, in machines sold by complainants or their licensees combined with such records.

(See assignment of errors, Nos. 1, 3, 7, 8, 13, 15, 20, 21, 22, 23, 24, 25, 26, *supra*, p. 36).

There is no distinction whatever between the question here involved and the question involved in *Morgan Envelope Co.* v. *Albany Paper Co.*, decided by Judge Wallace (40 Fed. 577) and the Supreme Court (152 U. S. 425). The principle of law applicable to this case, was so clearly stated by Judge Wallace and by the Supreme Court in the Morgan Envelope Company case that any attempted distinction between the facts of this case and the facts of the Morgan Envelope Company case must be understood as a

rejection of the principle of law settled and decided by the Supreme Court in the Morgan Envelope Company case. As above pointed out at page 16 of this brief, the evidence conclusively establishes that the sound record is a perishable, temporary element of the combination forming the sound reproducing apparatus of the patent in suit, and that it is intended that the sound record shall frequently be replaced. The elements of the apparatus, other than the sound record, will last indefinitely for years. The sound record, because of the marvelous delicacy of the undulations of the record-groove, and because of the fragility of the material in which it is formed and because of the constant wear of the reproducing stylus upon the delicate undulations constituting the record-groove, may be worn out or broken or otherwise rendered unsatisfactory or useless within even the short space of an hour or a day. The record cannot be used in the sound reproducing apparatus for the reproduction of sound therefrom for any considerable number of times without the certain destruction of the record. Unless the sound record be replaced at short intervals, the sound reproducing apparatus, of which the record is an element, would be of little use to the inventor or to others. This being so, the inventor, Berliner, so devised and constructed the sound reproducing apparatus of the patent in suit that the perishible, temporary element, namely, the record, could be easily placed upon and taken off from the disc turn-table which holds it during the operation of the apparatus while sound is reproduced therefrom. The other elements of the combination, constituting the sound reproducing apparatus, were devised and constructed to last for years. The testimony on behalf of complainants is that they sell the sound reproducing apparatus, including the record, form-

ing the combination of claim 35 of the patent in suit, and that purchasers of the apparatus from complainants and their licensees constantly purchase new records, with the result that as time goes on the purchaser is obliged to expend far more for records than he originally expended for the machine combined with a record. The record is an unpatented article of commerce, which was known and used in the prior art. Complainants seek a monopoly of the unpatented sound record because, forsooth, it is adapted for use as a perishable, temporary element of the patented combination as well as for use as a perishable, temporary element upon the mechanical feed machines of the prior art.

When the learned Circuit Judge stated that the disc sound-record is wholly unlike the toilet paper of the Morgan Envelope Company case, giving as the reason that the toilet paper was destroyed by a single use, he clearly erred. The learned Judge conceded, as he was bound to concede, that the disc sound-records wear out and that purchasers frequently bought new records "as substitutes for worn out discs." Obviously, it is not true that the toilet paper is destroyed by a single use. The roll of toilet paper, forming a perishable, temporary element of the patented combination of the Morgan Envelope Company case, will serve not for a single use, but for many uses and until the last sheet of the many sheets of the roll has been used. In like manner, the disc sound record is used to reproduce sound therefrom several times until at last, after a number of uses, the sound record is worn out, broken or otherwise destroyed. The sound-record, like the toilet paper, is destroyed in the use thereof. In the use of the reproducing apparatus, the sound is delivered from the record and the record is destroyed, just as in the use of the fixtures forming with the paper rolls the patented

combination of the Morgan Envelope Company case the paper is delivered and destroyed. When the learned Circuit Judge endeavored to distinguish the sound-record from the toilet paper, upon the ground that the toilet paper was destroyed by a single use, he had in mind, no doubt, the cotton-tie case hereafter referred to, where the cotton-tie was entirely destroyed by a single use, just as a torpedo is destroyed by a single explosion. There is, however, no analogy whatever between the case of the toilet paper and the case of the cotton-tie, as pointed out by the Supreme Court in the Morgan Envelope Company case. The cotton-tie was sold subject to a license for a single use only, and the tie was, in fact, destroyed by the single use. Such was not, however, the case with the combination of which the toilet paper was a perishable, temporary element. The *fixture* was not destroyed by the use and destruction of the paper, as the Supreme Court pointed out, nor is the *sound reproducing apparatus* destroyed by the use and destruction of the sound-record forming an element or part thereof. To restore the combination of which the toilet paper forms a part, it is necessary merely to replace the toilet paper; and, in like manner, to restore the combination of which the record forms a part, it is necessary merely to replace the record. In neither case is there a reconstruction of the patented combination, but in each case there is merely the replacement of a perishable, temporary part.

The sound-record wears out just as the cutter-knives, forming part of the patented combination of the planing machine in *Wilson* v. *Simpson*, *infra*, where it was held that the purchaser had the right to replace the cutter-knives at short intervals. In the Morgan Envelope Company case, the Supreme Court stated that the replacement

of the toilet paper was nearly analogous to the replacement of the cutter-knives. Clearly the replacement of the sound record is *exactly* the same in principle as the replacement of the cutter-knives. In the construction of the planing machine, it was intended that the cutter knives should be replaced at short intervals, because the machine could not be continued in use without a succession of knives at short intervals. So, in the construction of the sound reproducing apparatus, it is intended that the sound record shall be replaced at short intervals, and as already clearly shown, the apparatus cannot be continued in use without a succession of records at short intervals. It was not intended that there should be a complete destruction of the planing machine when the cutter-knife was worn out, nor is it intended that there shall be a complete destruction of the sound reproducing apparatus when the record is worn out. On the contrary, complainants constantly sell to a purchaser of a single machine, new sound records to be substituted for the sound record or records originally purchased with the machine. In the cotton-tie case, it was intended that there should be, and there was, in fact, a complete destruction of the tie as a result of the single use thereof.

The learned Circuit Judge in his opinion also referred to the carbon-filament case (*Daris Elec. Works* vs. *Edison El. Light Co.* 60 Fed. 276). In the carbon filament case there was, however, by the use of the patented combination of which the carbon-filament was an element, such a complete destruction of the combination that a reconstruction of the combination was necessary in order to replace the carbon filament. The carbon-filament case is exactly like the cotton-tie case, and rests upon the same principle and has no

analogy whatever to this case or to the case of the cutter-knives, or to the case of the toilet paper.

The clear distinction between the carbon filament case and the case at bar appears from the following quotation from the opinion of the Circuit Court of Appeals in that case (60 Fed. 276, 281);—

> "The appellants do not bring themselves within the expression in Wilson v. Simpson, 9 How. 125, renewed in substance in Cotton Tie Co. v. Simmons, 106 U. S. 94, to the effect that *temporary parts may be replaced 'in accordance with the intention of the vendor.'* While the supreme court has not expressly given this as a limitation, it may be made effectual as a permit where the facts authorize it. In this case the plan of construction, which permits no severance of the parts by any ordinary method of detachment, the sale price of the entire device, about 30 cents, the comparatively large cost of the so-called reparation, the special skill required to make it, the fact proven that the device is made so cheaply that it can be thrown away without substantial loss when the filament is worn out, and the experience that, though the patent had run about 13 years, and some 13,000,000 lamps had been made before respondents below commenced the so called reparations, destruction of the lamp after the filament was worn out had been the rule, distinguish this device in this respect from those which preceded it, exclude the suggestion of either express or implied assent by the patentees to a renewal of the filament, and compel the appellants to meet directly the issue of reparation as against reconstruction."

In the case at bar the temporary sound record is frequently replaced "in accordance with the intention of the vendor." Complainants constantly supply purchasers of their machines combined with records, with new records to replace the old records. The facts of the case at bar, therefore, au-

thorize the purchaser constantly to replace the temporary record. The plan of construction of the sound reproducing apparatus permits the severance of the record by the simplest and most ordinary method of detachment and the price of the record, from 35 cents to $5, is exceedingly small when compared with the price of the machine, which varies from $17 to $100.

There never was a sound reproducing apparatus sold, combined with a record, to a purchaser who did not frequently replace the record. The distinction between the principle and the facts of the carbon-filament case and the principle and the facts of a case such as the case at bar, is so clear and has been so often pointed out in the opinions of the courts, that it requires no further argument to show that the learned Circuit Judge erred when he held that the substitution of a new record for an old record in the combination of claim 35 of the patent in suit was not, in any legitimate sense, "repairs," and cited, in support thereof, the carbon-filament case.

The Circuit Court of Appeals for the First Circuit, which decided the carbon-filament case, distinguished the cotton tie case and the carbon-filament case from the cutter-knives case, according to the principles above stated, in *Goodyear Co.* v. *Jackson* (112 Fed. 146, 150), where the Court said:

> "When the patent is for *a single thing*, like a knitting needle, for example, and not for a device or machine composed of several things or elements combined, it is obvious that the replacement of an old needle by a new one in a knitting machine is not repair, but *a reproduction of the patented thing*. Aiken v. Manchester Print Works, 2 Cliff., 435; Morgan Envelope Co. v. Albany Paper Co., 152 U. S. 425, 435; Wilson v. Simpson, 9 How. 109, 124.
>
> When the patent is for a device embracing

the combination of several elements, a purchaser will infringe by reconstructing the device after it has fulfilled its purpose and is substantially destroyed. Where, for instance, the patent was for a cotton-bale tie, consisting of a band and buckle, and 'licensed to use once only,' it is manifest that the severance of the band at the cotton mill was intended to operate as *a destruction of the tie*, and that to roll and straighten the pieces of the band and rivet the ends together, at the same time using the old buckle, was a *reconstruction* of the tie, and not repair. Cotton-Tie Co. v. Simmons, 106 U. S. 89.

Again, where the subject of the patent was an electric lamp, and the invention resided in the discovery that an attenuated carbon filament, if operated in a high vacuum would withstand disintegration and the claim was for the combination of carbon filaments with a receiver made entirely of glass, and conductors passing through the glass, from which receiver the air is exhausted, it is plain that, *when the filament is destroyed, and the vacuum is destroyed by making a hole in the receiver, and nothing remains but a perforated glass bulb and the conductors, the lamp is practically destroyed*, and that to replace the old filament with a new one, and again exhaust the air in the receiver and again seal it, is substantially the making of a new lamp. Davis Electrical Works v. Edison Electric Light Co., 60 Fed. 276.

Where the patent is for a machine, which commonly embraces the combination of many constituent elements, the question of infringement by the purchaser will turn upon whether the machine is only partially worn out or partially destroyed, or is entirely worn out, and so beyond repair in a practical sense. In the case of a patent for a planing machine composed of many parts it was held that the replacement of the rotary knives, *'the effective ultimate tool of the machine*, was repair, and not reconstruction. Wilson v. Simpson, 9 How. 109. In that case the Supreme Court rested its

decision on two grounds: (1) *The right of the owner to replace a material part of the patented combination;* and (2) *the right to replace a part of the machine which it was known would quickly wear out, such replacement being necessary to a continued use of the machine, and therefore contemplated by the patentee when the machine was sold.* The decision in that case contains a careful discussion of the rights of a purchaser of a patented machine, and of the fundamental grounds on which those rights are based, and of the difference between repair and reconstruction."

The Morgan Envelope Company Case in the Circuit Court and Judge Wallace's Opinion Therein (40 Fed. 577).

After stating that three patents were involved in the suit, Judge Wallace held that the first patent for a package of toilet paper was "invalid for want of novelty" (p. 578). The learned judge then held that the other two patents for the combination of the package of toilet paper and mechanism to be used therewith disclosed and claimed "an ingenious and meritorious invention" (p. 579). The package of toilet paper stood, therefore, as an unpatented article, forming, however, an element of a combination based upon "an ingenious and meritorious invention." The question was, as stated by Judge Wallace (p. 580), whether defendant infringed by selling rolls of oval paper which they manufactured to persons who bought the paper and fixtures from the complainant, and having used up the paper wished to get more to use with the fixtures. This is the precise question here involved, never presented to any court in this litigation and never passed upon by any court in any form in this litigation before the motion for contempt herein, namely; whether defendant has the

right to sell sound-records, an unpatented article of the prior art, for use upon the hundreds of thousands of machines sold, *combined with records*, by complainants and their licensees to purchasers within the United States. *Under Judge Wallace's decision defendant unquestionably has that right.* Judge Wallace said (p. 580):—

> 'In other words, the case is as though the defendants were charged with infringement because they sell rolls of oval paper which they manufacture to persons who have bought the paper and fixtures from the complainant, and, having used up the paper, wish to get more to use with the fixtures. *The sale of the paper to those who have a lawful right to use the fixture*, and *to use both the fixture and paper together, is not an invasion of the rights of the complainant.* The paper, as an element of the patented invention, is one for *temporary* use only. The fixture proper is a durable device, which is designed to last for many years; while the roll of paper may be completely used up in a few days. This circumstance repels any inference that the right of a purchaser to use the fixture does not survive the life of the paper. The purchaser who buys a machine or device, patented or unpatented, without any restriction as to the mode or extent of the use to which he may apply it acquires all the rights of the seller and may do with it whatever the seller might have done if he had not parted with it. He acquires the right to use it, to repair it, and to sell it to others; and those to whom he sells acquire all his rights. If the original vendor is the licensee of the article, a purchase of the article from him is, in legal effect, a purchase from the owner of the patent. *The sale of the article transfers the monopoly right in the article itself without qualification. Holliday* v. *Matheson*, 23 Blatchf. 239, 24 Fed. Rep. 185. If the purchaser may lawfully *repair* the article, or *remove a part of it and substitute another*, it is quite immaterial whether

> he does it by his own hands or *procures another to do it for him*; and if the act when done by himself does not violate the rights of the owner of the patent, it does not when performed by another at his request."

Judge Wallace then pointed out (p. 581) that the law as above stated by him had been distinctly declared by the Supreme Court in *Wilson* v. *Rousseau*, 4 How. 647 and in *Wilson* v. *Simpson*, 9 How. 109. Judge Wallace then distinguished (p. 581) the case of *Cotton-Tie Co.* v. *Simmons*, 106 U. S. 89, as follows;—

> "There the patented article was sold *'licensed to use once only'*, and after it was practically worn out, and the right of the purchaser to use it had terminated, another person, who bought the parts as old iron, *reconstructed* them anew into the patented article. *If in this case the fixtures had been worn out or had in any other way fully subserved the use for which they were intended when sold*, the doctrine of that case would apply."

Judge Wallace then pointed out that the law of contributory infringement had no application to the case. The attention of the court is directed to this holding of Judge Wallace, affirmed by the Supreme Court, that the law of contributory infringement had no application to the case, because complainants' counsel based his entire argument, in the Court below, upon the law of contributory infringement which has no application whatever to the question here involved. Judge Wallace said (p. 581);—

> "The law of contributory infringement has no application to the case. That doctrine rests on the principle that he who concerts with another to do a wrong is an abettor, and equally guilty with the one who actually commits it. Here no wrong has been committed."

The same rule was stated in *Goodyear Co.* v. *Jackson*, 112 Fed. 146 (C. C. A.) where, after a full review of the authorities, it was held that "contributory infringement cannot be predicated of the rebuilding or replacing of parts of a patented machine by a purchaser for his own use."

In the case at bar there was not a particle of proof that defendant after the injunction sold a sound-record for use upon an infringing machine or to complete an infringing machine; nor did the Circuit Court find that defendant had committed any such violation of the injunction. The sale of a record by defendant for use upon an infringing machine, that is to say, for use upon a machine not sold by complainants or their licensees, would clearly constitute contributory infringement. Complainants' counsel urged the Circuit Court to hold that because the records sold by defendant *might* be used on infringing machines, defendant was in contempt; but the Circuit Court refused to make any such ridiculous finding upon such matter of mere conjecture. This untenable proposition of complainants' counsel, that infringement may be conjectured, has been rejected by repeated decisions of the courts. Judge Wallace emphatically disposed of it as follows (p. 581):—

> "The complainant cannot rely upon the inconclusive statement, elicited upon cross-examination from the defendant Wheeler, to establish a sale by the defendants of paper with fixtures which had not been sold by the complainant. It would be mere guess-work to infer from that testimony that the fixtures thus sold were not originally made and sold by the complainant. The affirmative upon the issue of infringement is with the complainant, and the *onus* of proof is not satisfied merely by showing a state of facts from which infringement may be conjectured."

The Morgan Envelope Company case in the Supreme Court and the Supreme Court's Opinion therein (152 U. S. 425).

The leading case upon the question here involved is the decision of the Supreme Court in *Wilson* v. *Simpson*, 9 How. 109, the *principle* of which was applied by the Supreme Court in *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S. 425. In connection with these two cases the decision of Mr. Justice Clifford in *Aiken* v. *Manchester Print Works*, 2 Cliff., 435, should be considered, since, as stated by the Supreme Court in the Morgan Envelope Company case, Mr. Justice Clifford there pointed out the true distinction between the circumstances under which a purchaser of a patented combination could replace a temporary part of the combination and the circumstances under which he could not replace such temporary part of the combination. In *Wilson* v. *Simpson*, and in *Morgan Envelope Co.* v. *Albany Paper Co.*, the Supreme Court held that an unpatented temporary part of a patented combination could be replaced by the purchaser of the combination from the patentee. In *Aiken* v. *Manchester Print Works*, Mr. Justice Clifford held that the purchaser of a combination protected by a patent could not replace a temporary part of such combination where such temporary part was protected by a separate patent. Since the sound-record which forms a temporary part of the combination of the patent in suit is not a patented article, it is clear, under the decisions cited, that the purchaser from complainants and their licensees of the combination of the patent in suit has a legal right to replace the temporary sound-record and to obtain the sound-record from defendant for such purpose. A con-

sideration of the three cases cited will show this to be in accordance with the settled law.

In *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S., 425, the Court stated that three patents were involved, one for a package of toilet paper and two, which were practically the same, for a combination of the package of toilet paper described in the first patent with a mechanism for the delivery of the paper to the user. Upon a consideration of the evidence, the Supreme Court held that the first patent for a package of toilet paper was void, and the question was whether the defendants had infringed the other two patents for the combination. It appeared (p. 431) that defendants neither made, sold or used the mechanism to serve out the toilet paper,

> "except as they purchased it of the patentee and *the only acts proven against them were in selling oral rolls of paper of their own manufacture with fixtures manufactured and sold by the plaintiff in combination with its (plaintiff's) paper* to persons other than the defendants, the fixtures having been obtained by defendants from the original purchasers of the patented combination; and *also of selling oral rolls of paper of defendant's own manufacture to persons who had previously purchased fixtures and paper from the plaintiff*, with the knowledge and intention that the paper was sold to be used in connection with the plaintiff's fixtures. In this connection it appeared that it had not been the practice of the plaintiff to sell its fixtures independently of its paper and that they sold only to such parties as dealt in and used their paper. * * * It appears to have been its invariable rule to refuse to sell fixtures except to persons also ordering paper."

Upon these facts, which are essentially the facts of the case at bar found by the Court below, the Supreme Court said (p. 432):—

> "*The real question in this case, is, whether*

conceding the combination of the oval roll with the fixtures to be a valid combination; the sale of one element of such combination, with the intent that it shall be used with the other element, is an infringement. We are of opinion that it is not. There are doubtless many cases to the effect that the manufacture and sale of a single element of a combination, with intent that it shall be united to the other element, and so complete the combination, is an infringement. *Saxe* v. *Hammond*, Holmes, 456; *Wallace* v. *Holmes*, 9 Blatchford, 65; *Barnes* v. *Strauss*, 9 Blatchford, 553; *Schneider* v. *Poultney*, 21 Fed. Rep., 399. But we think these cases have no application to one where the element made by the alleged infringer is an article of manufacture *perishable in its nature*, which it is the object of the mechanism to deliver, and which must be renewed *periodically, whenever the device is put to use.* Of course, if the product itself is the subject of a valid patent, it would be an infringement of *that patent* to purchase such product of another than the patentee; *but if the product be unpatentable, it is giving to the patentee of the machine the benefit of a patent upon the product, by requiring such product to be bought of him.*"

Referring to the case of the *Cotton Tie Co.* v. *Simmons*, 106 U. S., 83, 93, the Supreme Court said that that case presented "no difficulty whatever," and further said (p. 434);—

"It is evident that the use of the tie was intended to be as complete a destruction of it as would be the explosion of a patented torpedo. In either case, the repair of the band or the refilling of the shell would be a practical reconstruction of the device. *In this case, however, the purchaser of the new roll does precisely what the patentee intended he should do; he replaces that which is in its nature perishable, and without the replacement of which the remainder of the device is*

of no value. The replacement is of a product which it is the object of the mechanism to deliver."

Continuing, the Supreme Court, referring to the case of *Wilson* v. *Simpson*, then said (p. 434);—

> "The case is more nearly analogous to that of *Wilson* v. *Simpson*, 9 How., 109, in which the invention involved was a planing machine, and the patent sued upon covered the combination with the cutting knives or planes of a pressure roller to effect the planing of the planks. It was proved that one of the machines would last in use for several years, but that its cutting knives would wear out, and must be replaced at least every sixty or ninety days. It was said by Mr. Justice Wayne, (p. 125) that
>
> '*the right to replace them was a part of the invention transferred to the assignee for the time he bought it*, without which his purchase would be useless to him, except for sixty or ninety days after a machine had been put in use. It has not been contended, nor can it be, that such be a limitation of the assignee's right in the use of the invention.
>
> '*If, then, the use of the machine depends upon the replacement of the knives*, (and the assignee could replace them from time to time, as they were needed, during the first term of the patent, *though they are an essential and distinct constitutent of the principle or combination of the invention,*) *frequently replacing them, according to the intention of the inventor*, is not a reconstruction of the invention, but the use only of so much of it as is absolutely necessary to identify the machine with what it was in the beginning of its use, or before that part of it had been worn out.
>
> 'The right of the assignee to replace the cutter-knives is *not because they are of perishable materials*, but *because the inventor*

> *of the machine has so arranged them as a part of the combination, that the machine could not be continued in use without a succession of knives at short intervals.* Unless they were replaced, the invention would have been of little use to the inventor or to others.' "

In *Wilson* v. *Simpson*, immediately following the part above quoted from the opinion therein by the Supreme Court in the Morgan Envelope Company case, the Supreme Court further said;—

> "The other constituent parts of this invention, though liable to be worn out, are not made with reference to any use of them which will require them to be replaced. These, without having a definite duration, are contemplated by the inventor to last so long as the materials of which they are formed can hold together in use in such combination. No replacement of them at intermediate intervals is meant or is necessary. *They may be repaired as the use may require.* With such intentions, they are put into the structure. So it is understood by a purchaser, and beyond the duration of them a purchaser of the machine has not a longer use. *But if another constituent part of the combination is meant to be only temporary in the use of the whole, and to be frequently replaced, because it will not last as long as the other parts of the combination, its inventor cannot complain, if he sells the use of his machine, that the purchaser uses it in the way the inventor meant it to be used, and in the only way in which the machine can be used.*
>
> "*Such a replacement of temporary parts does not alter the identity of the machine, but preserves it, though there may not be in it every part of its original material.*' "

In the Morgan Envelope Company case, the Supreme Court, after stating that the case was more nearly analogous to that of *Wilson* v. *Simpson*, and after quoting, as above shown, from the opinion of

Mr. Justice Wayne in that case, then said (p. 435);—

> "The true distinction is stated by Mr. Justice Clifford in *Aiken* v. *Manchester Print Works*, 2 Cliff., 435, where the invention was of a knitting machine, with which the vendor was accustomed to send a package of the needles used in the machine, which needles were the subject of a *separate patent*. It was held that the purchase of the knitting machine, and the needles accompanying the same, did not confer upon the purchaser any right, after the needles were worn out and became useless, to manufacture other needles, and use the same in the knitting-machines so sold and purchased. The case of *Wilson* v. *Simpson* was distinguished from this in the fact that the cutters and knives in that case were not subject to a patent, and of course the respondent had a right to use them as materials to repair his machine; 'but', says the court, '*unfortunately for the defendants in this case, the needle is subject to a patent*, and in making and using it they have infringed the right of the plaintiff.' *As we have already held that the paper roll in this case was not the subject of a valid patent, it follows that the defendants cannot be held as infringers for the manufacture and sale of such roll.*"

In *Wagner Typewriter Co. v. Webster Co.*, 144 Fed. 495, Judge Ray cites many of the leading cases sustaining the doctrine of the above cited cases.

POINT TWO.

This Court, following the decisions of the Supreme Court, has held that the purchaser of a patented combination has the legal right immediately to substitute for an important or essential element of the combination one which he conceives to be better suited to his purposes, even though such element was intended to be permanent; and that any one has an equal right to make and sell such elements to such purchaser for such purpose (*Thomson Houston Electric Co. v. Kelsey Co., 75 Fed. 1005.*)

(See assignment of errors, Nos. 1, 3, 7, 8, 13, 14, 19, 20, 21, 22, 23, 24, 25, 26, *supra*, p. 36.

The principle of the decision of this court is stated in the third head note of the case cited as follows;—

> "One who purchases the apparatus covered by the Van Depoele patent, No. 495,443, for an improvement in traveling contacts for electric railways, *has the right, immediately thereafter, to discard the element known as the 'trolley stand,' and purchase from another a different stand, which he conceives to be better suited to his purposes.* 72 Fed. 1016, modified."

Judge Shipman, writing the opinion of the court, said (p. 1010);—

> "If a purchaser from the complainant, chooses, the day after his purchase, to substitute a stand which is better made and better adapted to his peculiar needs, he has the right to do so."

Judge Wallace, concurring in the principle thus stated by Judge Shipman, but dissenting from the decision of the court since he thought that the decree for injunction should not merely be modified but reversed altogether, said (p. 1011);—

> "*Concededly*, they have a right to repair their trolley stands, to substitute new ones for those old or worn out, or *to substitute a better and improved kind for those originally bought of the complainant.* The defendants have an equal right to make and sell the stands to such owners for that purpose."

The legal principle thus stated by Judges Shipman and Wallace, and concurred in by Judge Lacombe, was embodied in the decision of the court, whereby the order granting the preliminary injunction was modified by adding the following words (p. 1010);—

> "It is not intended to enjoin the defendant against the sale of trolley stands, by way of replacement of broken stands, or stands worn by use or *substitution for trolley stands previously sold by the complainant to purchasers from it*, but this permission does not give authority to reconstruct or rebuild a combination which has been sold by the complainant."

Thus this court recognized not only the right of the purchaser of a patented combination to replace an element that was broken or worn by use, but also the right to substitute for an element of the combination purchased from the patentee another similar element which the purchaser preferred. This *right of substitution* is clearly a broader right than the right to repair. Judge Shipman, moreover, pointed out that this right of substitution extends not merely to the replacing of fragile elements, whose life is necessarily short, but also

to the replacing of an important element which was intended to be permanent (pp. 1008-1009); and that the right of substitution or replacement existed even "though it shall be a replacement of an essential part of a combination" (p. 1009), citing and quoting *Wilson* v. *Simpson*, 9 How. 109, which is quoted *supra*, p. 57.

Referring to the decision of the Supreme Court in *Wilson* v. *Simpson*, Judge Shipman also said (p. 1009);—

> "The distinction which the court was endeavoring to point out, and which it thought was well illustrated in the Woodworth planer, was the difference between the repair or replacement of a single element of a combination, and the manufacture of a new machine in place of one which had become useless."

The manufacture of a new machine is, of course, reconstruction and not within the rights of the purchaser, from the patentee, of a machine which has become useless; but the repair or replacement of a single element of the patented combination is not reconstruction and is within the rights of the purchaser. If the purchaser of the patented combination had the right, the day after his purchase, to purchase a new trolley stand and to substitute it for the trolley stand of the combination purchased from the patentee, it is clear that in the case at bar the purchaser, from complainants or their licensees, of the combination forming the sound reproducing apparatus of claim 35 of the patent in suit has the right to substitute for the record of the combination purchased from complainants or their licensees any other record which he desires to substitute, and that defendant had an equal right to make and sell records to such purchaser for that purpose.

Judge Shipman, in his opinion (p. 1008) distinguished the cotton-tie case (*Cotton-Tie Co.* v. *Sim-*

mons, 106 U. S. 89) and the carbon-filament case (*Davis El. Works* v. *Edison El. Light Co.*, 60 Fed. 276), upon the ground that those were cases of reconstruction of the patented combination, having no analogy to the repair or replacement of a single element of a combination. This distinction of the cotton-tie and carbon-filament cases, so uniformly made by the courts, has been fully dealt with under Point One of this brief (*supra*, pp. 45-50, 52, 56). In view of the decision of this court in the trolley stand case, now under consideration, it becomes still more clear that Judge Lacombe erred when, in his opinion in the case at bar, he cited the carbon filament case in support of the proposition that a purchaser had not the legal right to substitute a new record purchased from defendant for a record purchased as part of the patented combination from complainants or their licensees. The learned Circuit Judge stated that such substitution was not, in any legitimate sense, "repairs," because, he said, the new records were purchased more frequently in order to increase the repertory of tunes than as substitutes for worn out discs. This holding of the learned Circuit Judge involved two fundamental errors.

(a) Judge Lacombe overlooked entirely the purchaser's right of substitution or replacement of the single element, namely, the record, of the combination forming the sound reproducing apparatus.

(b) Judge Lacombe conceded that the original record of the combination purchased from complainants or their licensees became worn out, and then denied to the purchaser of the combination from complainants or their licensees, the undoubted right of repair, which the purchaser could clearly exercise by substituting a thousand records as well as a single record for the original worn out disc.

The right of replacement or substitution is a right which the purchaser of a patented combination may exercise at any time and in any manner he pleases and for any reason that may be sufficient to him. Judge Shipman says he may exercise it the day after his purchase; if so, he may exercise it immediately upon his purchase. He may exercise it not because his trolley stand or other element is broken or worn out by use, but because he likes some other trolley stand better. So the purchaser from complainants or their licensees of the sound reproducing apparatus forming the combination of the patent in suit, may exercise his right of substitution or replacement of the sound record at any time and for any reason.

The *right of substitution* is a right supported by an unbroken line of decisions of the Supreme Court. Judge Shipman referred (p. 1008) to *Chaffee* v. *Belting Co.*, 22 How. 217. In the Chaffee case Mr. Justice Clifford, writing the opinion of the Court, pointed out (p. 223) that the purchaser of a patented machine acquires the machine free from the monopoly of the patent, and in using the machine exercises no rights created by the act of Congress. By purchase, the patented machine becomes the individual property of the purchaser and is subject no longer to the laws of the United States, but is subject only to the laws of the State in which it is situated. In explanation of this principle, Mr. Justice Clifford said (p. 223):—

> "That rule rests upon the doctrine that the purchaser, in using the machine under such circumstances, exercises no rights created by the act of Congress, nor does he derive title to it by virtue of the franchise or the exclusive privilege granted to the patentee.
>
> "When the patented machine rightfully passes to the hands of the purchaser from the patentee, or from any other person by him

authorized to convey it, the machine is no longer within the limits of the monopoly. According to the decision of this court in the cases before mentioned, it then passes outside of the monopoly, and is no longer under the peculiar protection granted to patented rights. By a valid sale and purchase, the patented machine becomes the private individual property of the purchaser, and is no longer protected by the laws of the United States, but by the laws of the State in which it it situated. Hence it is obvious, that if a person legally acquires a title to that which is the subject of letters patent, *he may continue to use it, until it is worn out, or he may repair it or improve upon it, as he pleases, in the same manner as if dealing with property of any other kind.*"

In a later case, *Mitchell* v. *Hawley*, 16 Wall., 544, 548, Mr. Justice Clifford, again writing the opinion of the court, quoted with approval the part above quoted from the Chaffee case, and in addition held (p. 546), that patentees are "*entitled to but one royalty for a patented machine,*" and that when they have sold the patented machine *without any conditions* and the consideration has been paid, they must be understood to have *parted with all their exclusive rights* and to have *ceased to have any interest whatever in the patented machine* so sold. Hence arises the right of the purchaser to use the machine until it is worn out, to repair it and to improve upon it *as he pleases* in the same manner as if dealing with property of any other kind. The doctrine of the Mitchell case was followed by Judge Coxe in *Geo. Frost Co. v. Kora Co.*, 136 Fed. 487, aff'd 140 Fed. 387; and by Judge Hough in *National Co. v. Grobet*, 148 Fed 385, 387.

In *Bloomer* v. *McQuewan*, 14 How. 539, 549, Chief Justice Taney said:—

"When a machine passes to the hands of

> the purchaser, it is no longer within the limits of the monoply. It passes outside of it, and is no longer under the protection of the act of Congress."

In *Adams* v. *Burke*, 17 Wall. 453, 456, it was held, on the authority of the *Bloomer* case, that when patented machines "are once lawfully made and sold, there is no restriction on their *use* to be implied for the benefit of the patentee or his assignees or licensees." Mr. Justice Miller writing the opinion of the court in *Adams* v. *Burke* also said (p. 456);—

> "But, in the essential nature of things when the patentee or the person having his rights, sells a machine or instrument whose sole value is in its use, he receives the consideration for its use, and *he parts with the right to restrict that use.* The article, in the language of the courts, passes without the limit of the monopoly (*Bloomer* v. *McQuewan*, 14 Howard, 549; *Mitchell* v. *Hawley*, 16 Wallace, 544). That is to say, the patentee or his assignee having in the act of sale received all the royalty or consideration which he claims for the use of his invention in that particular machine or instrument, it is open to the use of the purchaser without further restriction on account of the monopoly of the patentees."

In *Edison El. Light Co.* v. *Peninsular Co.* 101 Fed. 831, 835, 837 (C. C. A.), it was held, citing *Adams* v. *Burke*, that the vendee, of apparatus adapted for use according to the system of distribution covered by an Edison patent, had the legal right to take the electric current from another than the vendor.

In *Hobbie* v. *Jenison*, 149 U. S., 355 and *Keeler* v. *Standard Folding Bed Co.*, 157 U. S., 659, it was held, following *Adams* v. *Burke*, as stated in the latter case, that

> "one who buys patented articles of manufacture from one authorized to sell them becomes possessed of an absolute property in such articles, unrestricted in time or place,"

and that the absolute property of the purchaser includes the *unrestricted* right to *sell* as well as *unrestricted* right to *use*.

The clear result of the authorities is that the patented sound reproducing apparatus, forming the combination of claim 35 of the patent in suit, passes out of the monopoly of the patent and the protection of the patent laws of the United States when sold unconditionally by complainants or their licensees. Complainants having received the consideration or royalty for the patented combination can claim no further interest therein and no restriction whatever can be implied on the use thereof in favor of complainants or their licensees. The purchaser acquires the right to deal with the sound reproducing apparatus as his individual property, free from the monopoly of the patent and free from the patent laws of the United States, and he may repair it and improve upon it in the same manner as if dealing with property of any other kind. Neither complainants nor their licensees can claim a further royalty or consideration, nor can they, by an attempt to restrict the use of the patented combination which they unconditionally sold and for which they received the full consideration, secure a monopoly of the unpatented sound-record.

Thus, the owner's *right of substitution* of a single element of a patented combination, purchased uncoaditionally from the patentee, is established by an unbroken line of decisions.

POINT THREE.

No question of contributory infringement is here involved. Judge Shipman's decision in Am. Graph. Co. v. Leeds, 87 Fed., 873, cited by the Court below, bears no analogy to the case at bar.

(See assignment of errors, Nos. 14, 17, 18, 19, 25, *supra*, p. 36).

Judge Shipman in the case above cited followed Judge Grosscup's decision in *Am. Graph. Co. v. Amet*, 74 Fed. 789. Both were cases of *contributory infringement*. The patent there in suit was the Bell & Tainter patent No. 341,214, of May 4, 1886 (inj. rec. p. 387), of which claims 22 and 24, especially, were relied upon. Those claims covered the combination of a sound record and a reproducer. It appeared in each case that the defendant manufactured and sold the *reproducing mechanism* or graphophone machine of the combination claimed in the patent. Purchasers of defendants' machines combined them with the other element of the combination, namely the record, which they purchased from the patentee, and thus *made* and *completed* the combination of the patent.

If, in the toilet paper case (*supra*, p. 54) the defendant had made and sold the *fixtures* of the patented combination of which the paper was a perishable, temporary element and the purchasers of the fixtures from the defendant had combined them with paper purchased from the patentee; or if, in the planing machine case (*supra* p. 57), the defendant had made the *machine* (without the cutter knives) of the patented combination of which the cutter knives were a temporary element and had combined it with cutter knives purchased from the

patentee; or if, in the case at bar, defendant had made and sold the sound reproducing apparatus (without the record) of the patented combination of which the perishable, temporary record is an element and purchasers of such apparatus from defendant had combined it with records purchased from complainants; in all such cases the facts would have been the same as, or analogous to, the facts in the Leeds and Amet cases decided by Judges Shipman and Grosscup and the defendants would have been guilty of contributory infringement.

The clear distinction, therefore, between the Leeds and Amet cases on the one hand and the case at bar, the toilet paper case and the cutter knives case on the other, is that in the former there was no sale by the patentee of the *combination* of the patent, while in the latter there was. Hence in the former the purchaser of the machine from the defendant and of the record from the patentee acquired no right at all to the *combination* and, therefore, no right to repair, replace, substitute or improve upon any element of the combination; while in the latter the purchaser of the *complete combination* from the patentee acquired all such rights.

The decisions of Judges Shipman and Grosscup are clear authorities in support of defendant's position in the case at bar. Judge Grosscup clearly recognized and stated the undoubted right of a purchaser from a patentee of a sound reproducing apparatus, forming a patented combination of which a record is an element, to replace the record, originally purchased as part of the combination, by a new record and such right, he clearly indicated, would exist whatever the purpose of replacement or substitution might be, whether to replace a record old, broken, scratched or worn out by use, or to substitute merely one

record for another, as in the trolley-stand case, (*supra*, p. 60) where Judge Shipman, speaking for this court, said that a purchaser of the patented combination of which it was a part, could substitute a new trolley stand for one purchased from the patentee immediately upon the purchase of the combination. Judge Grosscup said (*Am. Graph. Co.* v. *Amet*, 74 Fed. 789, 791):

> "It appears, however, that these *records* are sold by complainant on the open market, and it is contended that such sale releases this element of the combination from the monopoly of the patent. I do not concur in this view. To make the graphophone more widely useful, the complainants make many records, embodying music, speech, and other sounds, and distribute these, by sale, to the users of the phone. But the record thus distributed remains an integral part of the combined mechanism. It is not a product of the machine, but still a part of it. *It is not unusual, in many mechanisms, that some elements of their combination must be more frequently renewed than others. The sale of such parts, segregated from the machine, is only the replenishing of the combination by a substitution of a new element for the one worn out.* Such action does not break the patentability of the combination. *So, in this combination, substitution by sale of one or many records for another though not due to the same necessity, ought to receive the same consideration.* The keys of a piano may be replaced without releasing the combination of which the keys are an element from the monopoly of a patent. I can see no reason why the record of a graphophone may not, though for a different purpose, be likewise replaced without breaking the validity of the combination."

It is very clear, therefore, that in the Amet case defendant was not selling to a purchaser of the *combination* from the patentee a temporary part

or any part intended to replace a part of a combination purchased from the patentee. The mere sale of *records* by the patentee was not a sale of the *combination* but a sale for the purpose of enabling purchasers of the combination to repair or keep the combination useful when the records for any reason became useless. Judge Grosscup recognized that the sale of records was the same as the sale of parts to replenish a combination by a substitution of a new element for the one worn out. He says that the keys of a piano may be replaced without releasing the combination of which the keys are an element from the monopoly of a patent. This clearly means, and under the authorities must mean, that if the patentee had sold the combination consisting of the piano and the keys, or consisting of sound reproducing mechanism and a sound-record, the purchaser would have acquired the combination released from the monopoly of the patent and would in consequence have acquired the right to replace the keys of the piano or the sound-record in order to replenish the combination when the keys or the sound record required replacement.

What Judge Grosscup decided is very clear and admits of no question whatever. In the Amet case the defendant made and sold the reproducing mechanism or graphophone of the combination claimed in the patent. The sale was made not to a person who had purchased the combination of the patent from the patentee, but to a person who had purchased or who contemplated purchasing only the record of the combination from the patentee. *Therefore, the purchaser had not paid to the patentee the consideration or royalty for the use of the combination of the patent and not having acquired the combination of the patent by purchase from the patentee, he had no right*

whatever to make or to deal with the combination of the patent in any way whatever.

The Amet case is not the reverse of this case. Here the proposition is that defendant sells sound-records *to purchasers from complainants and their licensees of the combination* of the patent consisting of the reproducing mechanism *and the record.* In the Amet case *there was no purchaser of the combination from the patentee* and hence the reproducing mechanism made and sold by defendant was sold to a person who had acquired no right whatever to use the combination of the patent. It is hardly necessary to point out that the reproducing mechanism is the *permanent* part, both of the graphophone of the Amet case and of the gramophone of this case, and it is the reproducing mechanism of this case which contains the essence of the invention, to wit: the universal joint substituted for the discarded feed-screw of the prior art. If a purchaser of the combination from complainants and their licensees were to construct or purchase from another than complainants or their licensees the reproducing mechanism, he would be *reconstructing* the invention and not replacing a temporary part. When, however, a purchaser of the combination from complainants and their licensees replaces the record which is essentially a *temporary* part of the combination and which is changed practically every time the machine is put to use, and which is perishable in its nature soon becomes old, broken or worn out by use, the purchaser does the very thing which complainants intended he should do when they constructed the combination and sold the combination to him. The contention of complainants, therefore, comes to this, that in order to continue the purchased combination in use, the purchaser must continue to purchase from complainants the unpatented and temporary part of the combination, namely,

the sound-record. In other words, complainants assert that they have a monopoly in the unpatented article. It is confidently asserted that such contention is erroneous and in direct conflict with every adjudicated case.

POINT FOUR.

Complainants and their licensees having sold the combination of the patent to purchasers without restriction as to the records to be used to replace those purchased, it is well settled law that defendant has the right to sell records to such purchasers for use in replacing records purchased with machines from complainants and their licensees.

(See assignment of errors, No. 16, *supra*, p. 36.)

In *Heaton Co.* v. *Eureka Co.*, 77 Fed. 288, the Circuit Court of Appeals for the Sixth Circuit considered this question. It was held that the owner of a patent for a machine for fastening buttons to shoes with metallic fasteners could sell such machines, subject to a condition or restriction that they should be used only with fasteners manufactured by the seller. Judge Lurton, writing the opinion of the court, pointed out (p. 300) that the distinction between such a case and the Morgan Envelope Company case (152 U. S., 425), and the case of Wilson v. Simpson (9 How., 109), discussed *supra* under Point One, consists in the *restriction* under which the patented machines for fastening buttons were *sold*. Referring to the Morgan Envelope Company case Judge Lurton said (p. 300):—

"the sale of the machine involved and implied

the right of use of the material with which it was to be combined; and this is shown by the case of Wilson v. Simpson, 9 How. 109, which is cited by Mr. Justice Brown as a case sustaining his conclusion. That case was a suit for infringement against the purchaser of a patent machine for planing wood, in which there were claims for the combination between the rest of the machine and certain knives necessary to its operation. The alleged infringer had made or bought knives to replace the knives in the machine which had worn out, and which it was shown must necessarily wear out and be renewed long before the main body of the machine would wear out. *It is held that the conveyance of the machine itself, with the knives in it, implied the right on the part of the purchaser to renew or replace the knives necessary for the enjoyment and use of the whole machine during its natural life.* Thus, with respect to the paper holder, the supreme court, in effect, held that the sale of the paper fastener with the paper in it contained the implication of a right to renew the paper when that paper sold should be exhausted, and *did not require the purchase of the paper from the original patentee*, the paper itself not being patented. In the case at bar the purchaser expressly agreed, by contract, that his right to use the machine should not extend beyond its use with staple fasteners furnished by the patentee, and this makes the broad distinction between the Morgan Envelope Co. Case and the case at bar."

In *Rupp* v. *Elliott*, 131 Fed., 730 and *Tubular Co.* v. *O'Brien*, 93 Fed., 200, the Heaton Co. Case was followed. But in *Cortelyou* v. *Johnson & Co.*, 145 Fed. 933 (C. C. A.) this court pointed out the limitations which should be imposed upon it. In *Edison Elec. Light Co.* v. *Peninsular Co.*, 101 Fed., 831, the same court that decided the Heaton Co. case held, however, that the purchaser from a patentee of an electrical

lighting plant is not obliged to continue to take the electrical current from the patentee. Judge Lurton, writing the opinion of the court, said (p. 837);—

> "If it was intended that so expensive an apparatus could be utilized according to the methods of the patents under which the vendor was operating only so long as the vendor should supply the current, good faith required that the vendees should be plainly so informed. It cannot be doubted but that the vendees understood they were securing a permanent wiring system, which might be used in combination with a current obtained from any source, delivered to the house wires in such manner as to utilize them to the best advantage. *It would be most unreasonable to suppose that in order to continue the use of this, the very essence of the Edison inventions, they must continue to take current from a particular source.*"

It appears from both the moving and opposing affidavits upon this motion that complainants and their licensees have sold the machines and records forming the combination of the claims in suit without any restriction whatever as to the right of the purchaser to replace the records by records purchased from others (con. rec. aff. E. F. Leeds, p. 61, fols. 181-184; L. H. Bunker, p. 90, fols. 229-230; L. Moeller, p. 99, fols. 257-259; see also moving affidavits of Middleton, p. 37, fol. 109, and Haddon, p. 40, fols. 119-120.)

POINT FIVE.

Defendant's disc sound-records are unpatented articles of commerce of the prior art, which defendant could legally sell for use in the United States on mechanical feed-device machines, for export to foreign countries and for other lawful purposes. There is no authority holding a party liable as an infringer solely because an article sold by him, might be, or was, in fact, used by the purchaser as one element of a patented combination. The tendency of the later decisions is to do away with unwarrantable restrictions upon trade.

(See assignment of errors, Nos. 5, 11, 12, 17, 20, *supra*, p. 36).

It has already been shown that defendant's disc sound-records are unpatented articles of commerce of the prior art (*supra*, p. 28); that defendant's disc sound-records were originally used and have continuously been used upon mechanical feed-device machines of the prior art from the invention of the phonograph in 1877 down to the present day (*supra*, p. 31); that large quantities of defendant's disc sound-records have been sold by defendant for export and have been exported to foreign countries (*supra*, p. 36); and that defendant's disc sound-records are adapted to replace the old, broken and worn out records of the sound reproducing apparatus of the patent in suit (*supra*, p. 16). It cannot, under any circumstances, be argued that the unpatented sound-records made and sold by defend-

ant cannot legitimately be used for any one or more of the above-stated purposes.

A careful reading of the cases wherein contributory infringement has been found, will show that in each case stress had been laid upon the fact that the article made and sold by the defendant, held to be a contributory infringer, was adapted for use *only* in the patented combination, or upon affirmative proof of a concert of action between two infringers acting without legal right.

In *Bullock Co.* v. *Westinghouse Co.*, 129 Fed. 105, 111 (C.C.A.) the judgment of the Circuit Court finding defendant in contempt of the preliminary injunction was reversed. The Circuit Court of Appeals held that if the article sold be adapted to other uses than use as an element of the patented combination, "the intention to assist in infringement must be otherwise shown affirmatively," and that;—

> "The finding that the intent and purpose in making and selling this motor was that it should be used in the patented device in Canada, is a finding against any infringing purpose. It would not be an infringement to put the motor to the use intended because that use was beyond the protection of the patent. *The defense is as complete as if the intent had been to furnish the motor to one having a license to make, sell and use.* In neither case would there be an intent to assist in an infringement, and *without such intent* the plaintiff in error was not infringing the patents or disobeying the order of the court.
>
> "What we have said applies as well to the *method patent* as to the *combination claims.* There must be shown an intent *to assist another in an infringing use* of the patented method. There being no intent to provide means by which another might *unlawfully* use the Tesla method, there is no contributory infringement.
>
> "The judgment, for these reasons, must be

reversed, with directions to discharge the rule to show cause."

From the decision in the Bullock case, it is clear that defendant has *the legal right to sell its sound-records for export to foreign countries for use in the foreign countries upon sound reproducing machines of all kinds.* Such right, says the court, is as complete as the right to sell to one who has a license to use. The purchaser of the patented combination from complainants unquestionably has the right unconditionally to *use* the patented combination and to replace the record thereof in order to continue the use of the combination.

In *Cortelyou* v. *Johnson & Co.*, 145 Fed. 933 (C.C.A.), this court, refusing to enforce a restriction under which a patented article was sold by the patentee, held that unwarrantable restrictions upon trade should not be created or upheld, and explained the doctrine of contributory infringement as follows (pp. 934-935):

> "The doctrine originated in a desire to secure to a patentee complete protection in all the rights granted him by the patent, but it was confined to those rights; it went no farther. One who sold an element of a patented combination, *which could not be used except in an infringing combination or device*, was not permitted to reap the benefits of such sale. He did not himself directly infringe, but he promoted the infringement of others by putting in their hands a device *which could only be used in violation of the patent.* When confined to articles, whether covered by the patent or not, which are made for the express purpose of inducing infringement and are not intended *for any legitimate use*, the doctrine of contributory infringement is logical, just and salutary."

The holding of this Court in the *Cortelyou* case, that unwarrantable restrictions and intolerable

burdens should not be put upon trade, is in line with Judge Wallace's opinion in *Thomson-Houston El. Co. v. Kelsey Co.*, 75 Fed. 1005 (*supra* p. 60), and of the Supreme Court in the *Morgan Envelope Co.* case (*supra*, p. 54).

In *Snyder* v. *Bunnell*, 29 Fed. 47, 48, Judge Coxe, reviewed the authorities upon the question of contributory infringement and said:—

> "In each of these cases the complainant succeeded because the article dealt in by the defendant *was only useful when combined as provided by the patent* in question, and was sold by him intending that it should be put to this unlawful use. A careful examination has failed to discover an authority holding a party liable as an infringer solely because an article sold by him *might be used by the purchaser as one element of a patent combination*. Such a doctrine would be too dangerous to be upheld."

In the case at bar the learned Circuit Judge held defendant in contempt for selling the unpatented records of the prior art which were capable of use, and had continuously been used, upon mechanical feed-device machines; and, though conceding that the records were frequently purchased as substitutes for worn out discs, he ignored this fact and held that such substitution was not a repair because the records were bought *more* frequently in order to increase the repertory of tunes.

There was no proof whatever, as shown in the following point (p.), of the purpose for which defendant's records were bought by the purchasers and sold by defendant and there was, therefore, no basis of fact upon which to hold defendant in contempt even under the interpretation of the law stated by the learned Circuit Judge in his opinion.

This decision of Judge Coxe in the *Snyder* case is well settled law. In *Thomson-Houston Co.* v.

Ohio Co., 80 Fed. 712 (C.C.A.), which complainants' counsel largely quoted in the court below, omitting those parts, however, which support defendant's contention, the Circuit Court of Appeals said (p. 723);—

> "Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, *been adapted to other uses than in the patented combination.* In the latter case the intention to assist in infringement must be otherwise affirmatively shown, and *cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used.*"

In *Standard Co.* v. *Computing Co.*, 126 Fed., 639 (C.C.A.), the same court said (p. 653);—

> "Testimony was introduced by the appellant which it claims is to the effect that it does not make any adjustment itself, but makes and sells its scales with provision for such adjustment as the purchaser sees fit to make, and we are not referred to any evidence conflicting with this. Of course, if it made or sold scales having peculiar provision for the intended incorporation therein of a valid patented device of the appellee, it would be liable as a contributory, if the expected incorporation should thereafter be made by another. *But if it makes or sells scales having simply adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee.*"

Again in *Canda* v. *Michigan Co.*, 124 Fed. 486 (C.C.A.) the same court said (p. 489):—

> "The case is not like one where the thing made is also adapted to use in other ways. It would be wholly inadmissible to shut out the manufacture or sale of those things adapted

to a proper and lawful use. That would interfere with the rights and priveleges of the public."

Of course, these cases recognize the rule that where two persons knowingly co-operate to infringe a patented combination, they are guilty of contributory infringement, but it is clear from the decisions quoted that any one has a right to manufacture, sell and use an unpatented article, and the mere fact that that article may be used or is, in fact, used in the patented combination, is not sufficient ground upon which to hold the vendor guilty of contributory infringement. This would interfere with the rights and privileges of the public.

POINT SIX.

Complainants and their licencees, by selling the sound reproducing apparatus of claim 35 of the patent in suit, impliedly licensed the purchaser thereof to combine a suitable record therewith, in every case where the apparatus was sold without a sound-record combined therewith, and for that purpose to purchase such a record from persons other than complainants or their licensees.

This proposition is raised by assignment of error No. 22 (*supra*, p. 36), which reads as follows;—

"22. In not holding that complainants and their licensees, by the selling of the elements, other than the record, of claim 35 of the patent in suit, impliedly licensed the purchaser thereof to combine a suitable record

> with such purchased elements, and for that purpose to purchase such a record from persons other than cor plainants or their licensees."

It is to be observed that it is not necessary for defendant to establish this proposition in order to secure a reversal of the judgment or decree finding defendant in contempt; because the finding of the Circuit Court was that defendant had violated the injunction solely by selling records for use on machines which complainants and their licensees had sold *combined with records*. It is clear, however, that if the above proposition be correct, and under the authorities hereafter cited it is submitted that it is correct, the judgment or decree finding defendant in contempt must be reversed.

In *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S., 425, 432, (considered *supra* under Point One, p. 54), the Supreme Court said;—

> "The real question in this case is, whether, *conceding the combination of the oval roll with the fixtures to be a valid combination*, the sale of *one element* of such combination, with the *intent* that it shall be used with the *other element*, is an infringement. *We are of the opinion that it is not.*"

The cases involving contributory infringement, the Supreme Court, continuing, said (p 432);—

> "have no application to one where the element made by the alleged infringer is an article of manufacture, *perishable in its nature*, which it is the object of the mechanism to deliver, and *which must be renewed periodically, whenever the device is put to use.*"

If a log were an element of a patentable mechanism for sawing such log, the purchaser of the sawing-device would not, said the Supreme Court, be obliged to buy his logs from the patentee. So

in the case at bar, since the sound record is a perishable, temporary element of the combination which must frequently be renewed at short intervals, whenever the sound reproducing apparatus is put into use, the object of the apparatus being to deliver the sound from the sound record, which is soon destroyed by the operation of the apparatus, the purchaser of the sound reproducing apparatus from the patentee is, for the same reason, under no obligation to purchase his sound-records from the patentee. Of course, if the sound-record itself were the subject of a valid patent, it would to use the words of the Supreme Court,

> "be an infringement of that patent to purchase such product of another than the patentee; but if the product (here the sound-record) be unpatentable, it is giving to the patentee of the machine the benefit of a patent upon the product, by requiring such product to be bought of him."

Judge Wallace, when deciding the Morgan Envelope Co. case in the Circuit Court, also said, as shown *supra* at p. 51;—

> "The sale of the paper to those who have a lawful right to use the *fixture*, and to use both the fixture and paper together, is not an invasion of the rights of the complainant."

This interpretation of the decision of the Supreme Court in the Morgan Envelope Company case is one which has been given by the courts.

In *Heaton Co.* v. *Eureka Co.*, 77 Fed., 288, 300 (C.C.A.) the court, referring to the Morgan Envelope Company case, said;—

> "The sale of the machine involved and implied the right of use of the material with which it was to be combined; and this is shown by the case of *Wilson* v. *Simpson*, 9 How. 109, which is cited by Mr. Justice Brown as a case sustaining his conclusion.

In *Edison El. Co.* v. *Peninsular Co.*, 101 Fed. 831, 836, (C.C.A.), the same court said;—

> "To restrict the right of a purchaser of an apparatus embodying a patented invention to use it for the purposes for which it is peculiarly adapted, there must appear some express or implied agreement by which the mode or time or place of use has been limited; and this was the principle upon which the Button-Fastener Case, cited above was decided. But there may be circumstances under which the sale by a patentee of one patented article will carry with it the right to use another in co-operation with the first, although the thing be covered by a second patent. *Thus, if the article sold be of such peculiar construction as that it is of no practical use unless it be used in combination with some subordinate part covered by another patent of the vendor, the right to use the latter in co-operation with the former might be implied from circumstances.* It is a general principal of law that a grant necessarily carries with it that without which the thing granted cannot be enjoyed."

Of course, the rule *here* contended for, under the Morgan Envelope Company case, applies only to the right of the purchaser to combine with the parts of the combination purchased from the patentee, an unpatented, perishable, temporary element of the combination necessary for the use and enjoyment of the parts purchased. It would not apply in a case where the purchaser had purchased from the patentee only the unpatented perishable, temporary element of the combination. The implication arising from the purchase of the *temporary* element would clearly be, as in the *Amet* and *Leeds* cases considered *supra* pp. , that the temporary element was to be used as a substitute for the same element in the patented combination in order to restore or otherwise continue the combination in use. From the purchase of a *tem-*

porary element, no implied right could be derived to construct the *permanent* elements constituting the durable parts of the combination. When, however, *a durable machine*, constituting the permanent part of a patented combination, is sold by the patentee, the purchaser necessarily acquires the right of combining with the purchased durable machine any element, such as a temporary, perishable element which must frequently be renewed, necessary for the use and enjoyment of the machine.

POINT SEVEN.

The finding of the Circuit Court places an intolerable burden upon defendant's conceded right to make and sell the unpatented sound-records of the prior art.

(See assignment of errors, Nos. 11, 17, *supra*, p. 36).

The learned Circuit Judge, in his opinion (con. rec. p. 111), says:—

> "No effort to restrict the use to which defendant's discs should be put by notice on their face or otherwise was made until after motion, and the affidavits are not as satisfying as they might be that such notice has since been affixed; and such notice might fairly go further and advise the purchasers that to use it on one of complainant's machines would make the user an infringer."

Since the Circuit Court found defendant in contempt for a violation of the preliminary injunction, defendant has sold its sound-records subject to the following restriction set forth upon a label affixed to each record:—

> "This record is sold for use on all mechanical feed-device machines and upon all licensed

> Victor, Columbia and Zonophone machines and all other machines licensed under U. S. patent No. 534,543 in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the conditions under which it is sold and an infringement."

The order partially staying the preliminary injunction, pending the decision of this court upon the writ of error, permits defendant to sell "disc sound-records for use in the United States upon machines sold by complainants and their licensees, together with disc sound-records" (con. rec. p. 116).

Clearly defendant's right to sell its disc sound-records subject to the restrictions set forth on the label above quoted is beyond question; and the defendant's right is broader than the restriction set forth on the label. The right granted by the stay is also broader than the restriction set forth on the label; and defendant's right is broader than the right granted by the stay. But *why*, it may be asked, should the learned Circuit Judge have held that defendant, in selling the unpatented sound-record of the prior art, was under *any* obligation to sell its sound-records subject to a *restriction* set forth upon a label affixed thereto? How *is* it that complainants, through the invention of an improved machine for use in reproducing sound from the records of the *prior* art, has acquired the right to compel all makers and sellers of records to affix labels to the records sold, restricting the right of use of the records? While it may be that a patentee may sell his patented article subject to a valid restriction as to the use thereof, and that a *purchaser*, who by contract with the patentee, agrees to observe the restriction and acquires the right to the patented article subject to the re-

striction, must use the purchased patented article only in accordance with the restriction under which he purchased it; it is an entirely different matter, constituting an intolerable burden on legitimate business to hold that *one not in privity with the patentee*, the maker and seller of an unpatented article of the prior art, adapted for a legitimate use, for many legitimate uses, or for any legitimate use other than a use in the patented combination, though even that use may be lawful, shall be obliged to deal in the article *at his peril*, merely because a patent has been issued for an improved apparatus designed for use in connection with the unpatented article of the prior art. Everybody has a right to make, to use and to sell a disc sound-record. Everybody has a right to purchase such a disc sound-record. Everybody has a right to *construct* or *to purchase a feed-device machine* or any machine other than the machine of the patent in suit, for use in connection with the disc-sound record. Why, then, is defendant not at liberty freely to sell its disc sound-records on the open market, without restriction and without inquiry as to the intended use thereof? The remarks of this court in *Cortelyou* v. *Johnson & Co.*, 145 Fed. 933, clearly indicate that the intolerable burdens and unwarrantable restrictions which are fettering commerce in unpatented articles will no longer be sanctioned or enforced by the courts. Privity with a wrong-doer is not to be inferred from the exercise of a legal right. The manufacture and sale of many articles is legal and does not become illegal because certain *uses* thereof are prohibited by law. To hold the seller of a drug guilty, because the purchaser commits an unlawful and prohibited act therewith, would be an absurdity. For the same reason there is no legal principle which prohibits defendant from making the un-

patented sound-record of the prior art and selling it on the open market without restriction and without inquiry as to the use which the purchaser intends to make of the purchased record.

In *Welsbach Light Co. v. Union Incandescent Light Co.*, 101 Fed. 131 (C.C.A.) this court affirmed the principle here contended for. That case involved a patent for a *process*. Infringers of the process sold the *product* to the defendant and the learned Circuit Judge (Judge Lacombe) enjoined the defendant (see, record on appeal, p. 71).

> (a) from the sale or use of the purchased product, except such as shall be *shown* to have been made by others *before* the entry of the order; and
>
> (b) from the sale or use of the product of the process, except as stated under (a), unless *shown* to have been made in a foreign country.

Judges Wallace and Shipman, in a per curiam opinion, held this to be error and said:

> "That part of the order appealed from restraining the defendant, during the pendency of the action, from selling any incandescent mantels, 'except such as shall be shown to have been coated by others,' can only be justified upon the theory that the patent for infringing which the suit was brought was a patent for a product or manufacture, and not one for a process. If it was a patent for a process, it would not be infringed by selling the product, and *no conditions should have been annexed to the exercise of the vendor's rights*. The broad proposition that the vendor of a product which has been made *in infringement* of a patented process is *an infringer, or liable to any extent to the patentee, is untenable* and does not require discussion. The patentee's remedy is against the manufacturer. *Merrill v. Yeomans*, 94 U. S. 568."

POINT EIGHT.

The question raised in the Court below upon the motion to punish defendant for contempt was an entirely new question. The act for which defendant was held to be in contempt was not included in the preliminary injunction or the decree therefor. Under such circumstances the motion should have been denied and complainants left to raise the question by appropriate proceedings other than a motion to punish for contempt.

(See assignment of errors, Nos. 2, 9, 10, 27, 28, 29, *supra*, p. 36).

The questions raised in the prior suit and upon the motion for preliminary injunction in this suit have been fully stated (*supra*, p. 3). The preliminary injunction has also been set forth (*supra*, p. 12). Defendant was enjoined from *manufacturing*, *selling* and *using*, or in any way *disposing* of the *apparatus* or *devices* specified in claims 5 and 35 of the patent in suit, and from *using* or *employing* in any way the *method* specified in claim 5. Defendant was not enjoined from selling sound records; nor was defendant enjoined from selling sound-records with the intent that the same should be used "in machines (other than 'mechanical feed' machines) sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5." In the prior suit, and in this suit on the motion for preliminary injunction, the proof of sole infringement was that the defendant had sold and used a machine, combined with a record, neither of which had been made or sold by complainants or their

licensees. Such was the infringement charged and found by the courts and such was the infringing act enjoined. Neither in the prior suit, nor on the motion for preliminary injunction in this suit, was it charged or found that defendant infringed by selling sound records for use in machines sold by complainants or their licensees combined with records, nor was any evidence whatever introduced to show that the sound-record was or was not a perishable, temporary element of the combination of the patent in suit, or to show that the sound-reproducing apparatus of the patent in suit was or was not constructed with the intention that the record should frequently be replaced, or to show any of the other matters material for the determination of the question raised for the first time upon the motion to punish for contempt. As will be seen from the following cases, a motion for attachment for contempt is not adapted to the trial of a new question, and the law is well settled, that all such motions, depending upon the trial of a new question, should be denied.

In *Enterprise Co.* v. *Sargent*, 48 Fed., 453, 454, Judge Shipman said;—

> "Notwithstanding the character of the plaintiff's suggestions, it is true that this is a motion for contempt for violation of an injunction order, and that the former opinions of the court were not directed to the structure as now modified, and that, to a certain extent, a new question has arisen which requires the court to re-examine the self imposed limitations of the patent. *A motion for attachment for contempt is not adapted to the trial of a question of this kind.* I am therefore of opinion that the motion should be denied, but without prejudice to the plaintiff's right to file a supplemental bill in the original suit, which is still pending, or to file an original bill, as it may be advised. *Allis* v. *Stowell*, 15 Fed. Rep. 242; 3 Rob. Pat. 649."

The courts have upheld the principle above stated in such a variety of cases that a citation of a few only of them is all that is necessary;—*Bate* v. *Eastman*, 11 Fed., 902, (Blatchford, C. J.); *Allis* v. *Stowell*, 15 Fed., 242, 244, (Dyer, J.); *Temple Pump Co.* v. *Goss Co.*, 31 Fed., 292, (Blodgett, J.); *Truax* v. *Detweiller*, 46 Fed., 117, (Lacombe, C. J.); *Bonsack Mach. Co.* v. *National Co.*, 64 Fed., 858, (Lacombe, C. J.); *United States Co.* v. *Spalding*, 93 Fed., 822, (Wheeler, D. J.).

It should be observed, moreover, that in cases where contributory infringement has been found, the decrees of the courts have invariably been so framed as to show explicitly what the defendant was enjoined from doing and was permitted to do. An example of this is *Thomson-Houston Co.* v. *Kelsey*, 75 Fed. 1005 (C C.A.), cited and quoted *supra* under Point Two (p. 60), where Judge Townsend, having found contributory infringement of the combination claims of the patent, specifically enjoined the making or selling of the articles which contributed to the infringement of the combination claims of the patent, to wit, "*trolley bases devised or intended to be used in infringement*" (p. 1007). Thus the defendants were informed of the fact that they were enjoined and of what they were enjoined from doing and accordingly appealed to the Circuit Court of Appeals, with definite and specific assignments of error. The Circuit Court of Appeals held the injunction to be too broad and specifically modified the order so as to state explicitly that defendants were not enjoined "*against the sale of trolley stands by way of replacement of broken stands, or stands worn by use, or substitution for trolley stands previously sold by complainant to purchasers from it*" (p. 1010). In the case at bar, defendant appealed from the decree for preliminary injunction herein, but obviously defendant

did not, and could not on the said appeal, by any possibility whatever, make an assignment of error to the effect that the Circuit Court had erred in enjoining defendant from selling sound records for use on *machines sold by complainants or their licensees combined with records.* No such provision was contained in the decree.

It requires no citation of authority to show that an injunction must be clear and explicit. The defendant should know what it is he is enjoined from doing. "To sustain proceedings for contempt the order should be clear and certain in its terms" (Brown J., in *In re Cary*, 10 Fed. 622, 626 and cases cited). In the case at bar the act for which defendant has been held to be in contempt was a perfectly legal act and in no sense an infringement of the patent and was not, moreover, an act included, either expressly or by implication, in the injunction or decree therefor. For the reasons stated, and for each of them, the learned Circuit Judge erred in holding defendant in contempt.

POINT NINE.

Complainants presented no proof whatever that the sound-records sold by defendant were in a single instance used in any infringement of the claims in suit; no proof whatever that the sound-records sold by defendant were used for the reproduction of sound on any machine of any construction. The mere making and selling of an unpatented article is not an infringement of a claim for a combination of which that article is an element.

(See assignment of errors, Nos. 4, 5, 6, 11, 12, 14, 17, 19, 27, 28, 29, *supra*, p. 36).

The moving papers are entirely silent upon the question of any use whatever of the sound records purchased from defendant. In fact it would appear that they have never been used.

In *Standard Co.* v. *Computing Co.*, 126 Fed., 639 (C. C. A.), the court said (p. 653): —

> "Of course, if it made or sold scales having peculiar provision for the intended incorporation therein of a valid patented device of the appellee, it would be liable as a contributory, *if the expected incorporation should thereafter be made by another*. But if it makes or sells scales having simply adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of its own volition put into the scales a form of adjustment patented by the appellee."

Referring to the moving affidavits, it appears from the affidavit of Luck (p. 16) that defendant continued to sell sound-records; of Hemen-

over (p. 19) that defendant continued to sell sound-records; of Platz (p. 21), a dealer in complainants' machines and records exclusively, that defendant continued to sell sound-records; of Bennett (p. 27) that defendant continued to sell sound-records and that Bennett possessed one of complainants' machines; and of Thompson (p. 30) that defendant continued to sell sound-records and that Thompson inquired whether defendant's records could be used "on a talking machine of the manufacture of the Victor Talking Machine Company." Waiving for the present the facts that both Bennett and Thompson were informed as to defendant's mechanical feed device machine (aff. Bunker, p. 87, fols. 222-224), and that Bennett and Thompson have not correctly or fully stated the conversations which they had with Mr. Bunker, who was not an employe of defendant (aff. Bunker, p. 87, fols. 222-224; p. 91, fols. 233-235) it appears from the two affidavits of Bennett (pp. 27, 32) and the affidavit of Thompson (p. 30) that neither of them indicated to Mr. Bunker *what sort of machine* they had in mind when they asked whether defendant's sound-record could be used "on a talking machine of the manufacture of the Victor Talking Machine Company" (p. 31, fol. 91; p. 33, fol. 97), and were informed by Mr. Bunker, not an employe of defendant, "that defendant's records could be played upon such mechanical feed device machine and other suitable machines" (p. 88, fol. 224; p. 91, fol. 234). Moreover, there is no suggestion in the affidavits or proofs throughout the record, that defendant's records were sold or purchased for the purpose of increasing the repertory of tunes of the purchaser rather than as substitutes for worn out discs; nor does the judgment or decree holding defendant in contempt make any such finding. The judg-

ment is that defendant violated the injunction in that it sold records for uses in machines (other than 'mechanical feed' machines) sold by complainants or their licensees *combined with such records*" (p. 113). Upon such evidence and such finding the learned Circuit Judge found defendant in contempt.

This was clear error.

POINT TEN.

The judgment or decree finding defendant in contempt should be reversed with costs, with directions to the Circuit Court to discharge the rule to show cause.

Respectfully submitted

LOUIS HICKS,

Counsel for plaintiff-in-error.

Supreme Court, U. S.
FILED.
JAN 6 1909
JAMES H. McKENNEY,
CLERK.

Supreme Court of the United States.

OCTOBER TERM, 1908

No. 81.

LEEDS & CATLIN COMPANY,

Petitioner,

against

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY,

Respondents.

PETITIONER'S BRIEF IN CONTEMPT PROCEEDINGS.

LOUIS HICKS,
Counsel for petitioner,
71 Nassau Street,
New York City.

On writ of certiorari to the United States Circuit Court of Appeals for the Second Circuit.

APPEAL PRINTING COMPANY, 32-34 VESEY STREET, NEW YORK.

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Supreme Court of the United States.

LEEDS & CATLIN COMPANY, Petitioner, vs. VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	OCTOBER TERM, 1908. No. 81.

PETITIONER'S BRIEF.

Statement.

This cause comes here on writ of *certiorari* to the United States Circuit Court of Appeals for the Second Circuit.

At the time of the granting of the petition for writ of *certiorari* to review the *contempt proceedings* here involved, which petition was No. 743 of the October Term, 1906, this court also granted the petition for writ of *certiorari* to review, upon the merits, the *injunction proceedings* in the same suit, which petition was No. 742 of the October Term, 1906.

The record in the contempt proceedings here involved consists of two parts; first, the record in

the injunction proceedings, hereinafter referred to as "*inj. rec.*"; and, second, the subsequent contempt proceedings, hereinafter referred to as "*con. rec.*", in which defendant, the petitioner above named, was charged with a violation of the injunction, found guilty, and, by final judgment, ordered to pay a fine of $1,000, one-half to respondents, and one-half to the United States (con. rec., p. 75).

By stipulation (con. rec., p. 99), the printed record in the injunction proceedings, No. 307 of the October Term, 1907, and now No. 80 of the October Term, 1908, is to be used as part of the record in the contempt proceedings here involved, No. 308 of the October Term, 1907 and now No. 81 of the October Term, 1908, to avoid the unnecessary expense that would be incurred by printing again in the contempt proceedings the record printed in the injunction proceedings. Briefly the record in the contempt proceedings, No. 81, consists of the record in the injunction proceedings, No. 80, and the subsequent contempt proceedings printed in No. 81.

Succinct Statement of the Questions Here Involved and the Manner in Which They Are Raised.

The judgment or decree of the Circuit Court finding defendant in contempt (con. rec. p. 75) was affirmed by a divided court in the Circuit Court of Appeals, Hough, *D. J.*, with whom Coxe, *C. J.*, concurred, writing the opinion of the majority, and Wallace, *C. J.*, writing a dissenting opinion (con. rec. pp. 90-96). THE QUESTION OF PATENT LAW INVOLVED IS ONE OF GREAT IMPORTANCE AND, AS JUDGE WALLACE STATES IN HIS DISSENTING OPINION, THE RULE OF INFRINGEMENT ADOPTED BY THE MAJORITY OPINION "NOT ONLY EXTENDS THE MONOPOLY

OF THE PATENT TO AN UNPRECEDENTED EXTENT, BUT IS SUBVERSIVE OF THE RIGHT OF A PURCHASER OF THE PATENTED THING TO REALIZE ITS FAIR MEASURE OF USEFULNESS BY MAKING NECESSARY REPARATIONS OR CHANGES BY WAY OF IMPROVEMENT." The question of law raised by the facts is one of *general application and importance.*

Briefly stated, the question involved is this:

The petitioner manufactured and sold *disc sound-records.* The respondents manufactured and sold sound reproducing *machines combined* with such disc sound-records. The *combination* of the sound reproducing apparatus and the record was covered by claim 35 of the Berliner patent here in suit owned by respondents. *The sound-record was an unpatented article which had existed and been used in the prior art.* Respondents' sound reproducing machine was so constructed that it was *intended* that the record to be used thereon for the reproduction of sound could and should *frequently be replaced* and the sound-record was of such character that the destruction thereof was certain, within a very limited period of time, if the sound-record was used on the machine for the reproduction of sound. *The parts of the patented combination, other than the sound-record,* that is *the sound reproducing machine, would last indefinitely for years.* Respondents sold the *patented combination,* consisting of the sound reproducing machine *and* the sound-record, to purchasers *without restriction,* and, thereafter, *constantly,* sold new records to such purchasers to enable them to enjoy the machine and continue it in use. Petitioner sold sound-records *to persons who had purchased from respondents the patented combination* and the Circuit Court found that petitioner sold the sound-records to *such persons* with the intent that petitioner's sound-records should be used by

such persons with the other parts of the patented combination, the sound reproducing machine, which the respondents had sold to them, *combined with similar records.*

In its essence, the important question of law involved is *whether a person who has purchased a patented combination from the patentee has the right to replace an unpatented element of the combination and for such purpose to purchase such element from another than the patentee or his licensee.* The majority of the Circuit Court of Appeals has held that such replacement of the single unpatented element of the combination is *reconstruction* and not within the rights of the purchaser of the patented combination from the patentee. The error of this holding, it is respectfully submitted, clearly appears from the dissenting opinion of that very able and learned jurist, Judge Wallace, who wrote the opinion in the *Morgan Envelope Company* case in the Circuit Court (40 Fed., 577) with which this Court agreed (152 U. S., 425). Judge Wallace's opinion and the opinion of this Court in the *Morgan Envelope Company* case are considered at pages 70, 73 of this brief. The decision of this Court in *Wilson* v. *Simpson*, 9 How., 109 is hereafter set forth at page 77 and that of the Circuit Court of Appeals in *Goodyear Co.* v. *Jackson*, 112 Fed., 146, 150, at page 68. From these and other cases cited, it is clear that where an inventor so arranges the parts of his patented combination that the combination or machine cannot satisfactorily, successfully or usefully be continued in use, without the successive replacement of one of the elements thereof, the replacement of such an element, if unpatented, by the purchaser of the combination from the patentee is *in accordance with the intention of the patentee and not a reconstruction* of the patented combina-

tion, but an act within the rights of the purchaser. And this is so, as this Court held in *Wilson* v. *Simpson*, *supra*, even though the element replaced is "*an essential and distinct constituent of the principle or combination of the invention*" (see opinion quoted *infra*, p. 77). In the *Morgan Envelope Company* case this Court held, affirming Judge Wallace, that the purchaser of the patented combination there involved had the right to replace the paper of the patented combination so long as the fixture with which the paper was combined would endure, and that the replacement of the paper was not a reconstruction of the patented combination, but an act within the rights of the purchaser. In *Wilson* v. *Simpson*, this Court held that the replacement of the knives, the effective and essential tools, of a patented combination, constituting a planing machine, by the purchaser from the patentee, was not a reconstruction, but the doing of an act which the purchaser had a right to do in order to enjoy the use of his purchased machine. In the *Morgan Envelope Company* case this Court squarely held that to compel the purchaser of the patented combination to purchase the paper required for the use of the combination from the patentee would be to give to the patentee of the combination a monopoly of the unpatented paper.

The analogy between the unpatented paper of the patented combination of the *Morgan Envelope Company* case and the unpatented sound-record of the patented combination of the case at bar and between the machines proper thereof, is very clearly stated by Judge Wallace in the first paragraph of his dissenting opinion. Judge Wallace, referring to the sound record, said:

"Its relation to the machine proper is analogous to that of the sheet of paper in a typewriting machine or the stalks of corn in a corn cutter. *It*

is the thing which is operated on by the machine proper."

In the *Morgan Envelope Company* case this Court gave a similar illustration, saying (152 U. S., 425, 433);—

> "If a log were an element of a patentable mechanism for sawing such log, it would, upon the construction claimed by the plaintiff, require the purchaser of the sawing device to buy his logs of the patentee of the mechanism, or subject himself to a charge of infringement."

This Court rejected the construction claimed by the plaintiff in that case and held that, in all cases of patented combinations, *wherein a particular, unpatented element must be renewed periodically, whenever the patented combination constituting the device is put to use*, it would be giving to the patentee of the combination the benefit of a patent upon the *unpatented* element, by requiring such element to be bought of him.

Applying these principles, this Court said (p. 433);—

> "*In this view the distinction between repair and reconstruction becomes of no value, since the renewal of the paper is in a proper sense neither the one nor the other.*"

The fundamental error of the courts below in the case at bar (discussed *infra*, pp. 65, 83) resides in their failure to perceive that the renewal of such an element of a patented combination is neither repair nor reconstruction. This appears from Judge Hough's statement (con. rec. p. 92);—

> "*We perceive no substantial difference in the meaning of these words*" ("*replacement and repair*").

The renewal of the paper in the fixture, thereby renewing the patented combination, was the exer-

cise of the *right of replacement or substitution*, hereinafter considered, under the decisions of this Court at p. 86. Such right was acquired by the purchase of the patented combination, being necessarily implied in the sale and purchase. It was analogous to, yet not quite the same as, the replacement of the cutting-knives in the planing machine of *Wilson* v. *Simpson*. The principle evidently is that whenever a patented combination is sold and it is intended that one of the elements of the combination shall be "*periodically*" renewed, whenever the device is put to use, the purchaser has the right to renew that element and is not obliged to purchase that element, if unpatented, from the patentee of the combination, since otherwise the purchaser would be deprived of the reasonable use of his purchased machine.

In the case at bar complainants' sound reproducing apparatus operates upon the record, just as the saw operates upon the log. *In each case, when the operation of the machine is finished, the thing operated on, the record or the log, must be renewed.* It would be unreasonable to suppose that the operator must continue to saw the same log or to play the same record. Such was not the intention when the patented combination was sold and purchased. So it was with the toilet paper and with the cutting-knives. In order to enjoy the use of the purchased, patented machine, the purchaser had the legal right, according to the uniform decisions of this Court, periodically to renew any element, the renewal of which was necessary for the enjoyment of the machine when the machine was put to use.

Under Point Two, set forth at page 86 of this brief, the decisions of this Court are cited, holding that where a patentee sells his patented article, the article passes *out of the monopoly of the patent* and ceases to be under the protection of the

patent laws of the United States, and that a purchaser acquires the right to repair the purchased article or to improve upon it or to deal with it as he pleases without further payment of royalty or tribute to the patentee. Under these decisions, the Circuit Court of Appeals for the Second Circuit, in *Thomson-Houston Co.* v. *Kelsey Co.*, 75 Fed., 1005, considered *infra* at pages 80-90, held that the purchaser of a patented combination had the right, *immediately* upon his purchase, *to substitute* for a single element of the combination, purchased from the patentee, a similar element purchased from another than the patentee; and that this right existed irrespective of the reason why the purchaser desired to make the substitution.

The effect of the decision of the majority of the Circuit Court of Appeals is clearly to give to the respondents a monopoly of the manufacture, sale and use of an article which is unpatented and which was known and used in the prior art, and to deny to persons who purchased, *without restriction*, the patented combination from respondents the right to secure the unpatented sound records for use therein, unless, after having paid the full royalty for the patented combination, they pay a further royalty to respondents in purchase of the unpatented records from respondents. Such a decision, Judge Wallace points out, overrules the decision of the same Court in the "trolley stand" case (*Thomson-Houston Co.* v. *Kelsey Co.*, 75 Fed., 1005), wherein *the controlling decisions of this Court* were cited and followed, as shown under Point Two (p. 80) of this brief.

Decisions on the Patent in Suit.

The cause is a patent cause in equity. The patent in suit, No. 534,543 of Feb. 19, 1895, to Berliner for a Gramophone (inj. rec. p. 452) was sustained at final hearing by Judge Hazel in a prior

suit (*Victor T. M. Co.* v. *Amer. Gramophone Co.*, 140 Fed. 860) and the decree was affirmed on appeal, upon Judge Hazel's opinion, except as to the question of prior use (145 Fed. 350). Thereupon a motion for injunction was made against this defendant and granted by Judge Townsend (146 Fed. 534). The injunction was stayed pending appeal (inj. rec. p. 330) and the decree for injunction was affirmed on appeal (148 Fed. 1022).

Subsequently this Court granted a writ of certiorari to review the decree for injunction (206 U. S. 563) and, thereafter, denied respondents' motion to increase the bond filed by petitioner when the injunction was stayed pending appeal (U. S.).

The Preliminary Injunction and Decree Therefor.

The preliminary injunction (con. rec. p. 9), which followed the decree therefor (inj. rec. p. 328), read as follows:

> "Now, therefore, we strictly command and enjoin you, the said Leeds & Catlin Company, and your associates, servants, clerks, agents and workmen, and each and every one of you, from *manufacturing*, *using*, or *selling*, until further order of this court, *sound reproducing apparatus or devices embodying the subject matter of claim 35* of the letters patent in suit, which claim reads as follows, namely:
>
> > '35. In a sound reproducing apparatus consisting of a travelling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described.'
>
> and from *manufacturing*, *using* or *selling*, or in any way *disposing of apparatus or devices which embody the method specified in*

claim 5 of letters patent in suit, which claim reads as follows, namely:

> '5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described.'

and from using or employing in any way the method specified in said claim 5."

Upon the settlement of the above decree for preliminary injunction, complainants' counsel presented an order (con. rec. pp. 71-72) containing a provision restraining defendant from "manufacturing, using or selling or in any way disposing of apparatus or devices" "*which is intended to be operated in accordance with said method claim* 5." This order, however, was *not* signed by Judge Townsend (con. rec. p. 69) and such provision is not contained in the preliminary injunction or decree therefor.

The Infringement Found in the Prior Suit and on the Motion for Preliminary Injunction in this Suit.

In the prior suit, as stated by Judge Hazel (140 Fed. 860, 866), infringement was not controverted, nor was it, by reason of the decision in the prior suit, open to defendant to controvert it upon the motion for preliminary injunction in this suit. In both suits the validity of the patent was attacked. There was, therefore, no expression of opinion whatever by the Courts as to what constitutes an infringement of claims 5 and 35 of the patent suit. It is necessary, therefore, to refer to the records in order to ascertain what the proof of infringement was in each suit. The evidence shows (aff. Hicks, con. rec. p. 68), that in the prior suit of

these complainants against the American Graphophone Company (140 Fed. 860, affirmed 145 Fed. 350);—

> "The proof of infringement by the American Graphophone Company in that suit rested upon the following stipulation, which is to be found at page 15 of the record on appeal in that suit:
>
> > 'It is stipulated between counsel that the foregoing exhibits marked respectively 'Complaints' Exhibit, Defendant's Machine,' and 'Complainants' Exhibit, Defendant's Sound Record' were made by the defendant and sold within the Southern District of New York subsequent to the date of the patent in suit and prior to suit brought and that the said record exhibit was made for use upon the said machine exhibit and was so used.'
>
> "There was no other proof of infringement, and the proof of infringement in that suit, therefore, is confined to the manufacture, sale and use by the American Graphophone Company of the invention of claims 5 and 35 of the patent in suit as embodied in the said exhibits."

Referring to the proof of infringement in the prior suit, Mr. Leeds, in his affidavit, says (con. rec. p. 30);—

> "In the prior suit against the American Graphophone Company, as appears from the record in said suit, the infringement charged was based upon a stipulation between counsel for complainants and defendants in that suit that defendant had made and sold a machine and a sound record which were offered in evidence, and that the said record exhibit was made for use upon the said machine and was so used. The proof, therefore, was under the stipulation that the defendant in that suit made, sold and used *all the elements* covered by claims 5 and 35 of the patent in suit and in-

fringement was accordingly found. The right to make and sell sound records independently of the machines was in no way litigated in the prior suit, and was not passed upon by the courts in the prior suit."

Referring to the proof of infringement upon the motion for preliminary injunction in this suit, Mr. Leeds, in his affidavit, says (con. rec. p. 30);—

> "Upon the motion for preliminary injunction in this suit, the infringement alleged was that defendant had sold a sound reproducing machine, known as the Ohio Talk-o-phone, together with disc sound records. The sound reproducing machine, or Talk-o-phone, was a machine not manufactured or sold by complainants or their licensees, and the *combination* of said machine and said sound records sold by defendant was held to be an infringement of claims 5 and 35 of the patent in suit, said holding being based upon the finding in the prior suit. The preliminary injunction and the decree, therefore, in this suit enjoins defendant from making, using or selling sound reproducing apparatus or devices embodying the subject matter of claims 5 and 35 of the patent in suit, and from using or employing in any way the method specified in said claim 5."

Upon the question of infringement in the prior suit and in this suit, the evidence further shows (aff. Hicks, con. rec. p. 69);—

> "Upon the motion for preliminary injunction in this suit, the sole proof of infringement consisted in affidavits alleging that defendant sold a machine known as the Ohio Talk-O-Phone, together with sound records for use thereon. Defendant admitted that in the settlement of an account with the Talk-O-Phone Company it had taken in part payment a few Talk-o-phones. Hence, in the prior suit, the question of infringement was

> confined to the making, using and selling by defendant of *machines and sound records* for use thereon, and in this suit the question of infringement was confined to the selling by defendant of *machines not licensed by complainants, together with sound records*, for use thereon. In each case the *machines combined with the records* embodied the invention of claims 5 and 35 of the patent in suit, and did not operate by the aid of mechanical feed-devices of the prior art. *The questions which complainants seek to raise upon this motion were not adjudicated by the Courts, either in the prior suit or in this suit.*"

It is clear, therefore, that in the prior suit and in this suit the question here involved was in no way litigated or passed upon; that the finding of infringement, which was not controverted in either suit, rested upon proof of the making, using and selling of sound reproducing apparatus, containing *all* of the elements of claim 35 and operating according to the method of claim 5, which machine and record had not been made or sold or licensed by complainants or their licensees.

The attempt of complainants to misstate the scope of the decision in the prior suit met with the most severe condemnation by Judge Hazel (145 Fed. 188). In the prior suit, immediately after the entry of Judge Hazel's final decree, complainants sent a misleading circular to the trade dated October 28, 1905. In that circular it was stated that Judge Hazel's decision placed the Victor Company "in control of the disc situation," and, in addition, complainants said in the circular,

> "but all dealers who continue to handle infringing machines and records we shall unquestionably hold liable."

Thereupon the American Graphophone Com-

pany moved before Judge Hazel to compel complainants to recall the circular, and Mr. Lyle in his affidavit in support of the motion, said;—

> "In the second place, since the suit relates to disc talking machines and *not to disc records*, since all goods are licensed in any event, and since the operation of the decree has been suspended by order of the court—we should not be called upon to rectify the wanton injury."

The opposing affidavit of Mr. Douglas of the Victor Company made no denial of the statement that the suit related to disc talking machines and *not to disc records*. Judge Hazel, though denying the motion to compel the complainant to recall its original circular or give the relief sought, because doubtful upon the question of jurisdiction, said (145 Fed. 188);—

> "*The asserted good faith of the complainant is not entirely beyond question.* * * * This is shown by its omission to state in the circular that *the defendant had the legal right to sell the records*, and by its precipitancy in publishing or advertising the decision of the Court. * * * The circular may not have been false or fraudulent, and counsel's interpretation of the opinion may not be inaccurate; but knowing that the case would be reviewed on appeal. * * *"

That case was No. 8627 in the Circuit Court and the papers filed therein show the foregoing facts. The complainants' circular was artfully worded, and its good faith was not beyond question. "*The defendant had the legal right to sell the records.*" In their circular complainants spoke of "infringing machines and records" which Judge Hazel said may not have been a false and fraudulent statement, and may not have been inaccurate. Clearly, in Judge Hazel's opinion, the statement

was misleading and the bad faith of complainants apparent. *The decision sustaining the patent upheld the combination only of the record with the reproducing machine.* This was the extent of the adjudications by the courts upon the questions first presented for decision upon the motion to punish this defendant for contempt.

In an attempt to explain away the clear intimation made by Judge Hazel (145 Fed. 188), that complainants' misleading circular with reference to Judge Hazel's decision in the prior suit on the patent here involved, not only indicated the bad faith of complainants, but was also false and fraudulent, complainants' counsel in his reply brief in the Circuit Court argued that when Judge Hazel said that "*the defendant had the legal right to sell the records*" he made the statement inadvertently and meant to say machines and records, notwithstanding the affirmative contention of the American Graphophone Company made in Mr. Lyle's affidavit that the suit was one relating "to disc talking machines and *not to disc records.*" Whatever else may be said in regard to Judge Hazel's opinion upon the motion based upon complainants' misleading circular, *this fact is clear;* that Judge Hazel did *not* say that the making and selling of records was *not* the legal right of the defendant or was within the scope of the injunction granted in the case. It took one hundred and twenty-five pages or more of argument on the part of complainants' counsel in each of the Courts below to attempt to show that defendant has not the right to sell sound records. This fact is in itself convincing proof that no court had ever held that defendant had not the right to sell sound-records for use "in machines (other than 'mechanical feed' machines) *sold by complainants or their licensees, combined with such records*" (com. rec. p. 75), the

act, and the *only* act, for which defendant was held to have violated the injunction.

The Vital Element of the Claims 5 and 35, in Suit, is the Universal Joint or Swinging Arm. Everything Else Was Concededly Old.

Claim 35 covers the Edison-Suess *sound reproducing apparatus*, shown in Fig. 3 of the patent in suit (inj. rec. p. 454). Claim 5 covers the *method* by which sounds are reproduced from a sound-record by means of such an apparatus. The *vital element* of the alleged invention resides in the *universal joint* 87 or *swinging arm* 88 (Fig. 3, inj. rec. p. 454) whereby the stylus is "free to be *propelled*" by the record.

The sound record, mentioned in the claims, existed before the date of the invention of the patent in suit, as hereinafter shown, and had concededly been used for the reproduction of sound by means of "*mechanical feed*" sound reproducing apparatus, wherein the stylus was kept free to be vibrated and propelled along the record, by and in accordance with the record, by reason of the movement of the stylus-carrying arm across the rotating record or the movement of the rotating record across the point of the stylus. This is conceded by complainants' expert, Mr. Kennedy (inj. rec. p. 58, fol. 172).

Such use, in the prior art, of the disc sound record, of lateral undulations and even depth, appears clearly from Fig. 8 of Berliner's prior *expired* British patent No. 15,232 of Nov. 8, 1887 (inj. rec. p. 526); also from Fig. 1 of Berliner's corresponding home patent, No. 564,586 of July 28, 1896 (inj. rec. p. 463) which *expired* Nov. 8, 1901, with the said prior British patent. The illustration, Fig. 1, of the article in the Electrical

World for Nov. 12, 1887 (inj. rec. p. 243), shows the same disc sound record with lateral undulations of even depth, illustrated also in Fig. 2 thereof, employed for the reproduction of sound by means of the "mechanical feed" or feed-screw machine; while the illustration of the article on "The Improved Berliner Gramophone" in the Electrical World for Aug. 18, 1888 (inj. rec. p. 274), shows the same sound record used for reproduction of sound upon the Suess machine embodying the alleged invention of the patent in suit, in which the stylus, by means of the Edison-Suess, pivoted and freely-swinging arm, is free to be propelled across the face of the record by the record.

Expired Berliner home patents, No. 372,786 of Nov. 8, 1887, applied for May 4, 1887 (inj. rec. p. 416) and No. 382,790 of May 15, 1888 (inj. rec. p. 434), describe and claim the making of cylindrical and disc sound records having lateral undulations of even depth and Fig. 1 of the former shows the use of such sound records upon a "mechanical feed" machine. The expired, prior, Berliner, English patent No. 15,232 of Nov. 8, 1887 claims the sound-record of lateral undulations and even depth as a product (inj. rec. p. 525, claim 15) and Figs. 1 and 8 thereof show such records in the form of a cylinder and a disc employed for the reproduction of sound by the aid of a stylus moving across the face of the record as it travels in and along the revolving, spiral record groove. The corresponding, expired, Berliner, German patent, No. 45,048 of Nov. 8, 1887 (inj. rec. p. 132) shows the same.

The essence of the alleged invention, the vital element, of the claims 5 and 35 in suit, resides, therefore, in the mounting of the stylus upon the Edison-Suess pivoted, freely-swinging arm, forming a universal joint, so that it is free to be propelled by the record; it does *not* reside in the record. Upon the oral argument of the appeal in the

prior suit, the Circuit Court of Appeals remarked that *the alleged invention consisted in discarding the feed-screw of the prior art.*

Judge Hough was of the same opinion, saying (con. rec. p. 90) that the feature of the invention here important depends upon the record groove compelling the movement of the stylus across the face of the record, and that (p. 91);—

> "the travelling tablet,—sound record or disc record, is an *unpatented* article."

In the suit at bar in the Circuit Court of Appeals, Judge Wallace, after remarking that claim 5 was void on its face, said, with reference to claim 35, as construed in the prior suit (con. rec. p. 94);—

> "The invention of the claim consisted in substituting a universal joint, or swinging arm, in lieu of a feed screw device * * *; *everything else in the machine was old.* This clearly appears by the opinion in the suit in which the validity of the patent was established. *Victor Talking Machine Co. v. American Graphophone Co.* 140 F. R. 860."

Thus before Berliner made the alleged invention of the patent in suit, he employed "mechanical feed" machines to reproduce sounds from *disc sound records of lateral undulations and uniform depth.* The operation of such feed machines of the prior art, in reproducing sounds from such disc records, was in every respect *identical* with the operation of the machines of the patent in suit. In each case the stylus vibrated laterally, in accordance with the lateral undulations of the record groove, and in each case *the disc sound record, of lateral undulations and uniform depth, was the same.* In each case the walls of the revolving, spiral record-groove caused the stylus to vibrate and at the same time "*forced*" the vibrating stylus to follow along and across the groove of

the record, the freedom of the stylus to be thus propelled along and across the groove being obtained by employment of known, equivalent means, consisting either of an arm carrying the stylus and moved by feed-mechanism across the vibrating record-tablet or of the same arm pivoted at one end. This has been fully shown under Point Three (p. 65) of petitioner's brief in case No. 80.

Long before Berliner employed his feed-device gramophone of the prior art, the Edison phonograph (inj. rec. p. 484, Figs. 1-11; p. 336, par. 4; p. 346, Fig. 1) and the Bell and Tainter graphophone (inj. rec., p. 387, Fig. 1, etc.; p. 443, lines 7-15) of the prior art also employed feed-screws to enable the *recording* stylus to record a spiral record-groove and the same feed-device phonographs and graphophones were employed for reproducing sound from the recorded, spiral record-grooves since the feed-mechanism did not prevent the spiral, record-groove from vibrating the reproducing stylus and propelling it along and across the record-groove.

Judge Hazel, in the prior suit, attempted to distinguish the principle of the Berliner machine of the claims, 5 and 35, in suit, from the Bell & Tainter graphophone as follows (140 Fed. 863);

> "The principle of operation in the Berliner machine is thought to be essentially different from that of the machine of Bell & Tainter. In the latter an auxiliary joint or feed screw was necessary, as already stated, to effectuate the required passage of the record over the point of the stylus, or to cause the stylus and reproducer diaphragm to travel across the surface of the record. In complainants' patent, on the other hand, it is shown that the lateral vibrations of the stylus point, and the propelling of the same over the surface of the record without mechanical assistance, and through the means of the groove alone, was the primary object of the inventor."

As pointed out under Point Four (p. 80) of petitioner's brief in this Court upon the injunction branch of this suit (No. 80), Judge Hazel overlooked the fact that the Bell & Tainter sound-*reproducing* machine operated upon precisely the same principle as the Berliner sound-reproducing machine here under consideration and that the distinction stated by him is merely one which has always existed, and still exists, between a sound-*recording* and a sound-*reproducing* machine. As shown under Point Three (p. 65) of petitioner's said brief, Edison in Figs. 34 and 37, as well as in Figs. 1, 2 and 11, of his British patent No. 1644 of 1878 (inj. rec. pp. 486, 484) disclosed the mode of operation of the Berliner sound-reproducing machine of claims 5 and 35 in suit. He also disclosed the mode of operation of all sound-recording and of all sound-reproducing machines. Judge Hazel also said in the prior suit (140 Fed. 861);—

> "At the date of the invention in suit it was not new to record sound and articulated words and *reproduce the same by suitable mechanical means.*"

The Several Elements of the Sound Reproducing Apparatus of the Claims 5 and 35 in Suit. The Combination of Claim 35 is Composed of More Than Two Elements.

The sound reproducing apparatus of the patent in suit is described in claim 35 as follows;—

> "35. In *a sound reproducing apparatus* consisting of *a traveling tablet* having *a sound record* formed thereon and *a reproducing stylus* shaped for engagement with said record and *free* to be *vibrated* and *propelled* by the same, substantially as described."

It has been shown under Point One, p. 45, of

petitioner's brief in this Court upon the injunction branch of this suit, No. 80, that both claims 5 and 35 of the patent in suit are *void* because they are claims for the *functions* of a machine. The vicious character of the claims clearly appears when an attempt is made to analyze the elements of claim 35. As shown at pages 49 and 54-55 of petitioner's brief in case No. 80, the sole pretense of novelty in claim 35 rests upon the function of a stylus "*free to be propelled*" along the record, by and in accordance with the record.

The question is what are the elements of a "sound reproducing apparatus", consisting of a "*traveling*-tablet" and a reproducing stylus "*free* to be *vibrated* and *propelled?*" Clearly the elements of the sound reproducing apparatus are not set forth in the claims. In lieu of the elements we have the functions and it is only through an interpretation of the functions that we can arrive at the elements constituting the sound reproducing apparatus in question.

In the first place, "*a traveling-tablet*" consists, in the sound reproducing apparatus made and sold by complainants, of *the tablet* and *the complicated motor mechanism* necessary to make the tablet travel or rotate. It also consists of the *turn-table* upon which the record-tablet rests and with which the record-tablet travels or rotates.

In the second place, we have the stylus "*free to be vibrated.*" How is this function accomplished, that is, by what elements? According to the description of the patent, the stylus is carried at the end of *a leaf spring*, the leaf spring being twisted at one point so as to bring the edge of one portion at right angles to the face of the other portion, whereby the leaf spring is elastic in two directions. One end of the leaf spring is made fast to the *diaphragm casing*. The leaf spring presses

towards the diaphragm and is connected by a *pin* with the center of the *diaphragm*. By means of these elements a stylus is obtained that is "free to be vibrated" laterally.

In the third place, we have the stylus "*free to be propelled*" along the record, by and in accordance with the record. Here again we have a function and not a statement of the mechanism or elements by which the freedom of the stylus to be propelled is secured. As fully explained under Point Five, p. 96, of petitioner's brief in case No. 80, it is when we refer to Fig. 3 of the patent in suit to ascertain how it is that the stylus is "free to be propelled," that we learn that Berliner has founded the broad, functional claims, 5 and 35, not upon a device invented by him, but upon a device invented by Suess, an improver upon Edison. Whatever else Berliner did, he did not invent the pivoted, freely swinging arm, or arm connected to its support by a universal joint. But aside from this question of function and invention, the freedom of the stylus to be propelled along the record, by and in accordance with the record, in the sound reproducing machines made and sold by complainants is acquired by mounting the stylus upon *a pivoted, freely swinging arm connected with its support by a universal joint.*

In addition, complainants' sound reproducing machines and those of the patent in suit are provided with *the sound conveyor or horn*, with the *box* enclosing the motor mechanism, with the *sound-box*, consisting of a casing enclosing the diaphragm to which the stylus is attached, as above described, and with *various other parts* necessary to the construction, use and operation of the sound reproducing machine.

The motor mechanism and the box containing it, the pivoted, swinging arm and the reproducer or

sound-box carried by it, the turn-table, the horn or sound-conveyer, are all *permanent* parts, while the sound record is obviously a *temporary* element which is replaced every time that the apparatus is put to use. The contention of complainant's counsel that the sound reproducing apparatus made and sold by complainants, under claim 35 of the patent in suit, consists of *two* elements only, is obviously incorrect. The contention would be immaterial if it were correct, but obviously it is incorrect. *What complainants make and sell is a complicated, expensive, sound-reproducing machine consisting of a great number of parts so arranged that the machine, as a whole, can be used for a long and indefinite period of time to reproduce sound from records, which the purchaser must obtain, and is expected to obtain, from time to time in order that he may enjoy the use of the purchased, patented machine.*

The Decree for Contempt and the Single Finding Thereof.

The decree for contempt (con. rec. p. 75), to review which the cause is brought to this court by writ of *certiorari*, found that defendant company

> "has violated said order and writ of injunction of this Court, in that defendant, after said order and writ of injunction, sold the *records* of claim 35 of the patent in suit, No. 534,543 of February 19, 1895, to Berliner, with the intent that said records should be used in combination with the other elements of that claim in *machines* (other than 'mechanical feed' machines), *sold by complainants or their licensees, combined with such records*, for use in carrying out the method of claim 5."

A fine of $1,000, payable one-half to the United States and one-half to complainants, was by the

decree imposed upon the defendant company. An order staying the collection of the fine pending appeal was entered on the same day (con. rec. p. 114). Furthermore, an *order partially staying the preliminary injunction* and decree therefor was also entered on the same day (con. rec. p. 115),

> "in so far as the same have been construed by this Court on the motion for contempt to enjoin and restrain defendant from selling disc sound *records* for use in the United States upon *machines sold by complainants and their licensees, together with disc sound records.*"

The opinion of Judge Lacombe upon the motion for contempt is to be found at page 110 of the contempt record. From the order staying the collection of the fine and from the order partially staying the preliminary injunction and decree therefor, pending this appeal, by writ of error, it appears that Judge Lacombe entertained considerable doubt upon the question of law raised. From the order partially staying the preliminary injunction and decree therefor, it conclusively appears that in the opinion of Judge Lacombe the question raised upon the motion for contempt had not been passed upon by Judge Townsend when the decree for preliminary injunction was entered, or by the Circuit Court of Appeals when that decree was affirmed, and had not been pressed upon either by Judge Hazel or the Circuit Court of Appeals in the prior suit of these complainants against the American Graphophone Company, wherein the patent in suit was sustained at final hearing and infringement found. It will not be disputed by complainants' counsel that upon the settlement of the orders referred to, Judge Lacombe stated that seven judges out of ten would have denied complainants' motion for contempt; that the question presented was *a pure question of law*,

and that under the authorities great doubt existed upon the question of law, and that complainants were extremely fortunate in securing the decree for contempt, instead of being obliged to raise the question by appropriate proceedings other than a motion to punish for contempt. Judge Wallace's vigorous, dissenting opinion in the Circuit Court of Appeals and the granting of the writ of *certiorari* by this Court clearly indicate the necessity of a decision by this Court upon the important question of law involved.

It will be seen, from the part above quoted from the decree for contempt, that the violation of the order and writ of injunction found by the court, rests solely upon the alleged "*intent*" with which the records were sold, namely, the intent that the records should be used in combination with the other elements of claim 35 in machines (other than "mechanical feed" machines) *sold by complainants of their licensees combined with such records.*

There is *no finding* that the records sold by defendant company *were ever used* upon any machine of any kind for the reproduction of sound therefrom; and there is *no evidence* whatever to show that the records alleged to have been sold by defendant company in violation of the injunction *were ever used* upon any machine of any kind for the reproduction of sound therefrom.

The important point, however, is that the finding of contempt rests *exclusively* upon the sale by defendant company of records with the intent that such records should be used upon *machines* (other than "mechanical feed" machines) *sold by complainants or their licensees combined with such records.* In other words, the finding is that complainants and their licensees had sold the *complete combination* of claim 35, including the record, for use in carrying out the method of claim

5, and that defendant company had sold records to such purchasers of the complete combination from the complainants and their licensees, with the intent that the purchaser, who had *paid the consideration* or royalty to complainants or their licensees for the complete combination and who had thereby obtained title to *the complete combination released from the monopoly of the patent* and the laws of the United States, should use the records purchased from defendant company *to replace records* previously purchased as part of the complete combination from complainants and their licensees.

There is no finding that such purchasers of the complete combination from complainants and their licensees and of records from defendant company intended to use, or ever did use, the records purchased from defendant company for *an unlawful purpose*, unless the mere fact of the purchase of the record from defendant company for use in replacing the record in the complete combination purchased from complainants and their licensees is in itself an unlawful act, no matter what may have been the cause of the purchase. *In the absence of such evidence, under any view of the case, there was no proof of infringement and, therefore, no contempt* (*Shickle Co. v. St. Louis Co.*, 77 Fed. 739, 743, C. C. A.).

The Logical and Erroneous Effect of the Finding of the Decree for Contempt.

The logical and clear, but *erroneous*, effect of the finding of the Circuit Court is that *a purchaser of the complete combination of claim 35 of the patent in suit, sold by complainants and their licensees for use in carrying out the method of claim 5,*

commits an unlawful act and infringes those claims of the patent,

(a) If the record of the combination purchased from complainants and their licensees is *broken* and the purchaser obtains, from another than complainants or their licensees, a new record in order *to restore the combination.*

(b) If the record is *old or worn out by use* and the purchaser obtains, from another than complainants or their licensees, a new record in order *to restore the combination.*

(c) If the purchaser of the complete combination from complainants or their licensees desires *to improve upon* the combination so purchased, and for such purpose obtains, from another than complainants and their licensees, a new record *to replace the record* purchased as part of the complete combination from complainants or their licensees.

(d) If the purchaser of the complete combination from complainants or their licensees desires to *substitute a new record* for the record forming part of the complete combination purchased from complainants or their licensees, and for such purpose obtains a new record from another than complainants or their licensees.

(e) If a purchaser of the complete combination from complainants or their licensees desires *to have on hand new records in order to restore the combination* purchased from complainants or their licensees, when the record thereof has been *lost* or become *broken, old, worn out by use or for other reason unsatisfactory or useless,* and for such purpose purchases a new record from another than complainants or their licensees.

(f) If the purchaser of the complete combination from complainants or their licensees desires not to re-construct the patented combination but *to deal with it in the same man-*

ner as if dealing with property of any other kind, for the purpose of repairing it or improving upon it, and for such purpose obtains from another than complainants or their licensees a new record to replace the record of the combination purchased from complainants or their licensees.

The sound record is a temporary part of the combination forming the sound reproducing apparatus of the patent in suit and it is intended that the sound record shall frequently be replaced. The rest of the apparatus, except some forms of needles, is permanent in its nature and will last indefinitely for years.

The above statement is established by the evidence beyond the possibility of doubt or dispute. Indeed, a mere inspection of the sound reproducing apparatus and a consideration of the wear upon the record when the apparatus is used for the reproduction of sound, would alone be sufficient to establish this point. However, the testimony of the experts, not only of defendant, but also of complainants, shows that the point is undisputed. Judge Lacombe, in his opinion on the motion for contempt, found that new records are frequently bought "*as substitutes for worn out discs*" (con. rec. p. 74); but he held that because new records are "brought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs," the substitution of new records "in machines (other than 'mechanical feed' machines) sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5," was not in any legitimate sense "repairs" (con. rec. p. 74), and was not within

the rights acquired by a purchaser, from complainants or their licensees, of the patented sound-reproducing apparatus. In this the learned Circuit Judge clearly erred. He conceded that the new records were frequently purchased as substitutes for worn out discs. *The right to substitute a new record for a worn out record is a matter so clear, as a proposition of law, that argument is unnecessary, under the authorities, to establish it.* This being true, the *fundamental principle* of defendant's contention is established; namely, the right of a purchaser of "machines (other than mechanical feed" machines) sold by complainants or their licensees *combined with such records*, for use in carrying out the method of claim 5", to substitute a new record, purchased from another than complainants or their licensees, for the record purchased as part of the combination from complainants or their licensees, when the record purchased from complainants or their licensees has become broken, worn out by use or unsatisfactory or useless through any other cause. If the purchaser has the right, and it must be conceded that he has, *to substitute a new record for the record originally purchased* as part of the combination from complainants or their licensees, *what difference does it make whether he purchases six records or only one to make the substitution?* What principle of law can be evolved from the finding of the learned Circuit Judge that new records are bought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs, other than the untenable and erroneous principle that complainants are entitled *to a monopoly of the unpatented disc sound record?*

Inasmuch as there was no evidence to show what use purchasers of defendant's records intended to make of them in complainants' machines, whether

to replace a worn out record or to increase the repertory of tunes, the question of "repair" or "reconstruction" was not presented for decision. However, the question is immaterial, as will presently be shown, since the renewal of the temporary record is neither the one nor the other.

There was *no evidence* to support the remark that new records are "bought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs." But assuming such to be the fact, the result is that it is established that complainants sell the patented combination with the *intention* that the sound-record thereof shall frequently be *replaced* and that, in accordance with such intention, the purchaser acquires the *right* to replace the original record by a new record. It also appears that such substitution of records is necessary to the reasonable use and enjoyment of the purchased machine. Hence we are not concerned, in this instance, with the distinction between "repair" and "reconstruction" but with the right acquired by purchase to renew an unpatented element intended frequently to be renewed when the device is put to use, in order that the purchaser may reasonably enjoy the purchased, patented combination (see decision of this Court in the *Morgan Envelope Co.* and other cases cited *infra*, pp. 77, 83).

It is not intended at this point, to enter upon any full discussion of the law, and, as will hereinafter be shown, according to the well settled law, the rights of a purchaser of a patented combination exceed those above indicated. We are now dealing with the facts to which the principles of law must be applied, and in order that the court may be cognizant of the important facts that the sound record is merely a *temporary element* of the patented combination and that *it is intended by the*

patentee that the sound record shall frequently be replaced, while the other elements of the combination, constituting with the sound record the sound reproducing apparatus, will last indefinitely for years, the following quotations from the evidence are made.

Mr. Edwards F. Leeds, one of the foremost record makers of this country, who had been engaged in the making of sound records from the time when the North American Phonograph Company was organized in 1888 to exploit the fundamental inventions of the art of Mr. Edison and Bell & Tainter (inj. rec. p. 115, fols. 345-346) says (con. rec. pp. 37-38);—

> "I have been engaged in the manufacture of sound records of the disc and cylinder type having lateral and vertical undulations for the past fifteen years. I have, therefore, acquired a large experience and knowledge of talking machines and sound-records used therewith. The sound-record is not a part of the sound reproducing apparatus or machine which is permanent; *it is essentially a temporary part, perishable in its nature and intended frequently to be replaced.* The rest of the machine, except some forms of needles, is permanent in its nature and *will last indefinitely for years*, but the record may last for but a few minutes or a few days, depending upon the material of which it is composed and the number of times that it is used for the reproduction of sound therefrom. The needle used for contact with the sound-record in the production of sound is usually made of steel and has a sharp point. This needle fits into the record groove, and is vibrated and propelled by the record-groove. The result is that the needle wears upon the record and *it is intended and it is essential for the enjoyment and use of the machine that the record shall constantly be renewed.* Complainants sell their machine embodying the invention of

claims 5 and 35 of the patent in suit at prices ranging, according to their statement of June 1, 1906, from $17 to $100 each; while they sell their records, according to the same statement, at prices ranging from 35 cents to $5 each. If the purchaser had not the right to replace the temporary part, the record, which it is intended he shall replace, he would pay from $17 to $100 for a machine which would reproduce for him but a single record for which he may have paid only 35 cents. Therefore, as shown in the moving papers, *it has been the custom of complainants and their licensees to sell sound-records in order to* replace *the sound records sold with the machine and worn out or destroyed by use or accident. The machines are so constructed that the record can be placed upon it or removed therefrom simply by placing the record upon or taking the record off the flat disc turn-table.*

From tests which I have made and which have been made by others within my knowledge, as well as from my large experience in manufacture, I know that disc sound-records having lateral undulations such as defendant's and complainants' sound-records intended for use upon complainants' machines embodying claims 5 and 35 of the patent in suit can be used for the reproduction of sound but a very limited number of times. Unless the material of which the tablet is composed is unusually perfect the record cannot be successfully played more than twenty-five or thirty times before it has to be renewed. Often a single reproduction or two or three reproductions will destroy the record because of the quality of the material or because of the conditions under which the needle acts when following the record-groove. Frequently a record becomes useless after being played for ten or twelve times. In exceptional cases a record can be played more than thirty times and as often as fifty or sixty times. *It takes but a minute or two to play a record, and the same record can be played many times within one-half hour.*

a sufficient number of times to destroy it, wear it out and render it useless. The records, moreover, are fragile in their nature and are often broken in transportation, or by falling or other cause. Inexperienced users frequently scratch the record across the spiral lines and otherwise, through lack of proper adjustment of the needle to the record-groove, and in this manner and in other ways the records are destroyed in large quantities. Another reason why the record is intended to be but a temporary part of the machine is that after the record has been played several times it becomes tiresome.

After a single playing of the record the deterioration of the record appears. Complainants' records, after a few playings, become gray in appearance along the record-groove, showing that the friction of the needle has chipped off the edges, cut into the smooth finish of the surface, and otherwise worn out the material. The deterioration rapidly increases the oftener the record is played, until soon the record is useless. Records made by complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times, and the same is true of similar records made by the American Record Company. Hence, one of the problems in the record-making art is to secure a material so perfect that it will withstand the friction of the needle a greater number of times. At the present time and heretofore sound-records such as those in suit have been made by different manufacturers, including complainants and defendant, and complainants' licensees and others mentioned, of substantially the same material, all having the qualities and defects above specified by reason of which and for the other reasons stated the record is essentially a very temporary part of the machine and is intended constantly to be replaced."

The testimony of Mr. Leeds stands uncontra-

dicted. Judge Lacombe found that new records are frequently bought as "*substitutes for worn out discs*" (con. rec. p. 74). Judge Hough said "*Disc records are fragile, i. e. brittle and easily broken*" (con. rec. p. 92). Judge Wallace said of the record (con. rec. p. 95);—

> "*Any slip of the hand will destroy it. Not only is this so, but its sound producing qualities are lost by the contact of the needle which is vibrated in its grooves long before the machine proper is worn out, and generally early in its normal life*".

Berliner, in his British patent No. 15,232 of 1887, stated that the record consists of *scaling wax*, the main constituent of which is *shellac* (inj. rec. p. 523, lines 51-56). Complainants' counsel, in his brief in the Circuit Court of Appeals (pp. 40-41), stated that complainants' records consist of *shellac*, earthy material and lampblack, referring to 145 Fed. 189, C. C., where such fact was stated by the Court. *Such records have about 100 grooves to the inch and the partition walls are thin and delicate.*

It has been shown in petitioner's brief in Case No. 80 (pp. 3-7) that complainants make their records in accordance with U. S. patent No. 688,739 of Dec. 10, 1901 to Jos. W. Jones and that they were held to influence the Jones patent (151 Fed. 595). *Jones has pointed out how after several reproductions complainants' Berliner "gramophone" records are destroyed by the sound-reproducing apparatus of the patent in suit.* In U. S. patent No. 604,829, of May 31, 1898, Jones says (con. rec. p. 44, lines 35-51);—

> "In all reproducing apparatus of the above type, as far as I am aware, *a long arm has been employed to support the sound-box and stylus*, and where it has been desired to intensify the sound a horn in like manner has

thereby been supported and carried, the movement imparted to the arm, sound-box and horn being effected by the *delicate-groove of the record* working in conjunction with the stylus. It frequently happens that the sinuosities of the record leave *very delicate* partition-lines between the volutes of said record, *so that after several reproductions the grooves are caused to run together by the friction of the stylus*, thus preventing a complete and perfect reproduction of the sound-waves recorded upon the record."

Mr. Bunker, who has for several years been actively engaged in the talking machine business as a dealer and salesman, says (con. rec. p. 61);—

"The record is a *temporary part* of all sound-reproducing machines, and this is especially true of sound-reproducing machines intended for the reproduction of sound from flat disc records having lateral undulations. Such machines employ *a sharp steel needle* which fits into the record-groove and soon wears out and destroys the record. A very few reproductions of sound from a record will in many cases render the record useless. *Often from ten to fifteen reproductions will wear out and destroy the record.* Ordinarily a record can be played for about twenty-five to thirty times, and in some cases, if the material of which the record is made is of exceptional character, the record can be played a greater number of times, but the record begins to wear out with the first playing thereof; *hence such machines are so constructed that the records can constantly be replaced, and it is the practice to replace the record after one or two playings.*"

Mr. Leo Moeller, who has for the past five years been engaged in the manufacture of disc and other sound records, says (con. rec. p. 67);—

"Flat disc sound-records having lateral undulations are a *very temporary part* of a sound reproducing machine. All sound repro-

ducing machines employing such records are *designed and constructed so that the record may conveniently and frequently be removed and replaced.* A machine constructed so that the record could not conveniently be removed and replaced would be of *no value whatever*, since after the record had been played a few times it would be worn out and destroyed and the machine would then become useless. The lasting qualities of flat disc-sound-records having lateral undulations depend upon the material of which the tablet is composed and upon the perfection of manufacture of the record. All such records are made substantially to-day of the same material. The first time that the reproducing stylus passes over the record-groove, the record begins to wear out. *The stylus is a sharp steel needle, and it cuts into and wears down the edges of the surface of the record. Not infrequently a record is destroyed the first time that it is played.* Ordinarily a record may be played for about thirty times. Often from ten to fifteen reproductions will destroy a record, while sometimes, if the record is an exceptional one, it may be successfully played as often as fifty or sixty times. However, an inexperienced *user* of a machine may scratch the record even before playing and thus destroy the record, and often the records are broken and thus become useless."

The foregoing testimony of defendant's experts finds confirmation not only in the findings of the courts above referred to, but also in the affidavits of complainants' experts, who say that complainants' records are like defendant's records (con. rec. p. 21, 3rd par.; p. 23, 2nd par.).

Mr. Middleton, secretary of the Victor Talking Machine Company, says (con. rec. p. 22);—

"A large portion of the revenue of the complainant company is derived from the sale of its disc records. A purchaser of a machine or reproducing apparatus, for use in reproducing from the record, frequently expends very

much less for the machine than he does for his collection of records, as *records are being constantly purchased by the purchaser of a machine from time to time;* $25 frequently represents the purchase of a machine, while the owner of that machine, in a short space of time, will expend at least as much as $100 for records."

Mr. Haddon, treasurer of the Victor Talking Machine Company, says (con. rec. p. 24);—

> "*A large portion of the Victor Company's business has been, and is, in the manufacture and sale of disc records, for use in connection with the reproducing apparatus which it makes and sells,* and a large proportion of its profit is derived therefrom. When it sells a reproducing apparatus to a purchaser, which is part of the combination of claim 35, it is to be used in combination with the other element of the claim, sold by the complainants, the traveling tablet or record, which it also sells to the purchaser at a separate price, distinct from the price of the reproducing element."

In a further affidavit Mr. Middleton, secretary of the Victor Company, states, that for several years past he has had a great deal of experience in the testing of the disc records having a laterally undulating groove of even depth, and that he has many times made special tests to ascertain the quality and durability of the records (con. rec. p. 45, fol. 134). Mr. Middleton then says (con. rec. p. 45);—

> "I often take a record out of our stock as a sample record and spend practically a whole afternoon and evening continuously testing it on one of our reproducing machines, playing the selection over and over again to ascertain whether the material of the record disc is kept up to our standard, besides other numerous and frequent tests which I make with differ-

ent records at different times for like purposes. I have been doing this at frequent intervals for three or four years."

The court will observe that neither Mr. Middleton nor Mr. Haddon says that records are purchased to increase the repertory of tunes; nor do they deny that the records are soon worn out by use. On the contrary, they say that complainant constantly sells new records to purchasers of their machines to enable the purchasers to enjoy and continue the machines in use by replacing the records thereof.

Complainants' counsel, in his brief in the Circuit Court of Appeals (pp. 37-39), in an effort to mislead the court, referred to hard rubber, metal and other substances in which records might be made, but are not made to-day. Everybody uses shellac, including complainants and defendant and nobody uses hard rubber or metal (145 Fed. 189; 151 Fed. 601, 606). Records are multiplied in a *cheap* way by impressing a metal matrix or negative into a soft impressible material. This is a quick and cheap method of multiplying records for immediate use. When complainants' counsel argued that Berliner intended the record to be permanent (brief, C. C. A., p. 37), he misstated the fact, because on November 8, 1887, in expired English patent No. 15,232, of that date (inj. rec., p. 523, lines 51-56) Berliner pointed out the precise method used by everybody, for the quick and cheap making of duplicate copies of sound-records to-day. No other method or material, moreover, is employed to-day. Mr. Berliner said:—

> "In place of the metallic copy of the original record, I can use a copy made of *sealing wax*, which is produced by pressing a metal plate, having the record in raised lines, upon a cake or plate of sealing wax which is first softened by heat. *The metallic record may thus be preserved indefinitely without being used directly.*

for the reproduction of the recorded sounds, but, simply as a stamp for multiplying the record quickly and cheaply for immediate use."

Sealing wax is, of course, composed principally of shellac, as appears from any dictionary or encyclopedia.

Referring to the statement of defendants' expert, Mr. Moeller, "that the stylus is a sharp needle and cuts into and wears down the edges of the surface of the record," Mr. Middleton says (con. rec. p. 27);—

> "The point of a properly formed needle for this purpose, such as sold by complainants, is specially ground and shaped so as not to cut the record."

Although Mr. Middleton booms complainants' records and claims for them a durability greater than that of the records of any of the competitors of the complainant companies, it is clear that the essential proposition, namely, that the sound record is a temporary element of the combination forming the sound reproducing apparatus of claim 35, and that it is *intended* that the record shall frequently be replaced, is established. By a stretch of conscience or of imagination Mr. Middleton claims that complainants' superior records can be played two hundred fifty to three hundred times. "Infringing records", however, he says, can be played fifty or sixty times (con. rec. p. 27). The Circuit Court of Appeals has held that complainants' shellac records infringe the Jones patent of the American Graphophone Co. (151 Fed. 595 and 601). As pointed out by Mr. Leeds, the records made by complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times. *This Mr. Middleton does not deny.* The fact that Mr. Middleton has for several years been en-

gaged night and day in the testing of complainants' records to keep them up to the standard of durability; the fact that the points of the needles sold by complainants are specially ground and shaped so as to prevent the needle, as far as possible, from cutting the record, and the admission that complainants' records soon reach their limit of durability, even though they may be played oftener than other "infringing records" can be played, must convince the court of the truth of the self-evident fact that the disc sound record is a most delicate, temporary and perishable part of the combination of claim 35 of the patent in suit. It takes but a minute or two to play a sound-record, and, as Mr. Leeds points out, the same record can be played many times within one-half hour, a sufficient number of times to destroy it, wear it out and render it useless. Inexperienced users frequently scratch the record across the spiral lines or otherwise break or destroy the record before playing. The life of the record is therefore a matter of a few hours, as must be the case when the same record is frequently played in the penny-in-the-slot machine; or a matter of a few days or weeks or months, depending entirely upon the number of times that it is used. *If it is used, it will with certainty be worn out and destroyed within a very short period of time. The machine is, therefore, so constructed that the records can easily be placed upon it or removed from it.* The rest of the apparatus, except some forms of needles, will last indefinitely for years. Every time that the machine is put to use it is intended that the sound-record shall be replaced. It is difficult to imagine a more temporary part of a patented combination than is the sound-record of the combination of claim 35.

Complainants and their licensees sold the combination of claim 35, the sound reproducing apparatus, including the sound record thereof, to purchasers, without any restriction whatever.

The finding of the Circuit Court that defendant violated the preliminary injunction is limited, as above shown, to the sale of records by defendant to persons who had purchased "machines (other than 'mechanical feed' machines) sold by complainants or their licensees *combined with such records*, for use in carrying out the method of claim 5." The undisputed evidence is that complainants and their licensees sold the said machines, combined with such records, that is sold the sound-reproducing apparatus forming the complete combination of claim 35, to purchasers thereof, *without any restriction whatever.*

Referring to the moving affidavits, especially those of Middleton and Haddon, secretary and treasurer of the Victor Talking Machine Company, one of the complainants herein, it appears that they each make the following allegation (con. rec. pp. 21, 23);—

> "There are to-day, in use in the United States, many hundreds of thousands of reproducing apparatus of this construction, designed to be operated in this manner for reproducing sound from disc records similar to the said records manufactured by the defendant."

The reproducing apparatus referred to in the said affidavits are machines constructed according to claims 5 and 35 of the patent in suit by complainants and their licensees and sold, combined with records, to hundreds of thousands of pur-

chasers throughout the United States. Mr. Middleton in his affidavit further says (con. rec. p. 22);—

> "A large portion of the revenue of the complainant company is derived from the sale of its disc records. A purchaser of a machine or reproducing apparatus, for use in reproducing from the record, frequently expends very much less for the machine than he does for his collection of records, as *records are being constantly purchased* by the purchaser of a machine from time to time; $25 frequently represents the purchase of a machine, while the owner of that machine, in a short space of time, would expend at least as much as $100 for records."

Mr. Haddon in his affidavit also says (con. rec. p. 24);—

> "A large portion of the Victor Company's business has been, and is, in the manufacture and sale of disc records, for use in connection with the reproducing apparatus which it makes and sells, and a large portion of its profit is derived therefrom. When it sells a reproducing apparatus to a purchaser which is part of the combination of claim 35, it is to be used in combination with the other element of the claim sold by the complainants, the traveling tablet or record * * *"

There is not a word in any of complainants' affidavits to the effect that complainants or their licensees ever sold their machines and records with any restriction upon the right of the purchaser to replace the temporary part of the combination, namely, the record, when worn out, broken or otherwise rendered useless, or when a new record is for any reason desired, by records either of his own manufacture or purchased from manufacturers other than complainants or their licensees. This fact at once distinguishes the case at bar from

Heaton Peninsula Co. v. Eureka Co., 77 Fed. 288, cited by Judge Hough (con. rec. p. 91). On the other hand, it appears from defendant's affidavits that complainants and their licensees, the American Graphophone Company and the Universal Talking Machine Company, have sold within the United States, hundreds of thousands of machines and records forming the combinations of claims 5 and 35 in suit without any such restriction. It further appears from defendant's affidavits that purchasers of such machines and records from complainants or their licensees have been accustomed to replace the records sold by complainants by records sold by one of their licensees; and that purchasers of such machines and records from one of the licensees have been accustomed to replace the records by complainants' records; and that *all purchasers have been accustomed to replace said records purchased with said machines by records not made or sold by complainants or their licensees*, and have at all times, from the beginning down to the present day, understood that such was their right, and *no intimation of any restriction to the contrary has ever been given by complainants or their licensees* (con. rec., affs., E. F. Leeds, pp. 36-37; L. H. Bunker, p. 61; L. Moeller, p. 67).

Defendant Company's Disc Sound Records are Unpatented Articles of Commerce of the Prior Art.

Complainants attempt by these proceedings for contempt to secure a monopoly of the *unpatented sound-record of the prior art*, which is nowhere claimed in the patent in suit, except as a temporary part of the combination of claim 35. This combination, the sound reproducing apparatus of claim 35, illustrated in Fig. 3 of the patent in suit (inj. rec. p. 454), complainants and their

licensees have sold to the public without restriction (con. rec. p. 36; p. 61; p. 67), thereby releasing the *combination* from the monopoly of the patent.

Judge Hough said the "record is an unpatented article" (con. rec. p. 91). So did Judge Wallace (con. rec. p. 94).

Defendant's sound records, here in question, were disc sound records of lateral undulations and even depth. Such sound records belong to the prior art and were described and patented by Berliner, the patentee of the patent in suit, in the United States and foreign countries, before the issue of the patent in suit, by numerous patents which have all *expired*. This appears from U. S. patents No. 372,786, of Nov. 8, 1887, applied for May 4, 1887 (inj. rec. p. 416) and No. 382,790, of May 15, 1888 (inj. rec. p. 434); English patents No. 15232 of Nov. 8, 1887 (inj. rec. p. 516, Figs. 1 and 8 and claim 15, p. 525) and No. 7204 of May 15, 1888 (inj. rec. p. 528); German patents No. 45048, of Nov. 8, 1887 (inj. rec. p. 132, claims 1-5, pp. 142-145) and No. 47,099 of May 16, 1888 (inj. rec. p. 145); and from various other patents.

Berliner, moreover, described and illustrated such disc sound records and the use thereof upon "mechanical feed" machines of the prior art, not only in the patents above mentioned but also in the Electrical World for Nov. 12, 1887 (inj. rec. p. 243).

Edison, in English patent No. 1644 of 1878, disclosed, at the time of invention of *all* sound recording and reproducing machines, disc sound records of the zigzag type, that is with lateral undulations of even depth (inj. rec. p. 473, lines 53-57), and the use thereof upon sound-reproducing machines, which as shown in Figs. 1 and 2 (inj. rec. p. 484) might be feed-device machines or as shown in Figs. 34 and 37 (inj. rec. p. 486) might be ma-

chines in which the feed-device was dispensed with and the stylus propelled across the record by the groove of the record (inj. rec. p. 479, lines 48-53; p. 480, lines 11-14; claim 1, p. 482; Point Three, p. 65, of petitioner's brief in Case No. 80).

Bell & Tainter, in U. S. patent No. 341,214 of May 4, 1886, at the time of the invention of the graphophone, disclosed, before Berliner had applied for any of his talking machine patents, disc sound records and the use thereof upon sound-reproducing machines (inj. rec. p. 387) wherein the reproducing stylus was mounted on a universal joint so that it was free to be "guided by the record" and "free to follow the sound record" (inj. rec. p. 391, lines 84-104; claims 19-23, p. 397; Point Four, p. 80, of petitioner's brief in Case No. 80). As pointed out in Tainter's U. S. patent No. 385,886, of July 10, 1888, the disc graphophone was adapted to operate with a record of lateral, as well as with a record of vertical, undulations (inj. rec. p. 443, lines 7-15). Berliner and Edison, by the patents above mentioned of the *prior art*, had pointed out the same thing.

Judge Hazel, in construing claims 5 and 35 of the patent in suit, held that the *kind* of record employed was no part of the invention. The invention, he held, as above pointed out at pp. , consisted in propelling the stylus "over the surface of the record, without mechanical assistance, and through the means of the groove alone" (140 Fed. 863). Judge Hazel said (140 Fed. 864);—

> "The broad claims in suit in my judgment cannot be restricted to a record of even depth, such as described in the specification."

But whether the claims in suit are limited by a record of even depth as an element of the combination thereof, or are not so limited, *it is a proposition, which admits of no dispute, that the sound-record is an unpatented article of the prior*

art, nowhere claimed in the patent in suit. The essence of the alleged invention of the claims in suit resided therefore, not in the sound-record, but in the mounting of a stylus, by means of a universal joint or swinging arm, in such manner that it was free to be propelled by the groove of the disc sound-record of the prior art, which record was used for the reproduction of sound in the prior art in precisely the same manner.

The Mechanical Feed-Device Machines of the Prior Art and the Present Day.

It will be seen that in the decree for contempt (con. rec. p. 75), *Judge Lacombe expressly excepted "mechanical feed" machines from the finding of contempt.* It is the sale of records by defendant with the intent that said records shall be used in combination with the other elements of claim 35 in machines (other than "mechanical feed" machines) sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5, which Judge Lacombe has held is a violation of the injunction herein. The sale for such records for use on mechanical feed machines is concededly not a violation thereof.

This finding of Judge Lacombe with reference to mechanical feed machines was based upon the following facts proved by the evidence. As shown by the evidence (aff. Hicks, con. rec. p. 69);—

> "Upon the argument of the motion for preliminary injunction in this suit before Judge Townsend, complainants' counsel refused to contend that the mechanical feed-device Talk-o-phone was an infringement of claim 5 or claim 35 of the patent in suit. Upon this point complainants' counsel said in his brief:
>
> 'As these so-called 'mechanical feed' ma-

chines have not been offered in this case as alleged infringing machines, it is not an issue now in these suits.'

"Complainants' counsel, therefore, refused to discuss the question of the mechanical feed-device Talk-o-phones and stated that he presumed

'that the Court does not desire, without the benefit of a full discussion, to say, upon these motions, whether these so-called 'mechanical feed' machines are, or are not, mere attempted evasions of claims 5 and 35 of the patent in suit.'

"In view of the prior art and of Judge Hazel's finding, which also was the finding of the Circuit Court of Appeals in the prior suit, that the propelling of the stylus over the surface of the record without mechanical assistance and through the means of the groove alone was the primary object of the inventor, Berliner, the reason underlying the refusal of complainants' counsel to contend that mechanical feed-device machines were an infringement appears."

Judge Hough said that the feed-device machine is not an infringement and that petitioner's records are equally suitable for the feed-device machine and for that of complainants (con. rec. p. 91).

Referring to mechanical feed machines, Mr. Leeds, in his affidavit, says (con. rec. p. 31);—

"On Monday, October 15, 1906, defendant began to use and sell its sound records in connection with said feed-device machines exclusively, and on October 13, 1906, defendant ordered and purchased from the Talk-O-Phone Company one hundred such feed-device machines for use and sale in connection with its sound-records, receiving the first consignment thereof early Monday morning, October 15, 1906. As fully shown in the annexed affidavit of defendants' coun-

sel, complainants on the motion for preliminary injunction refused to contend that such feed-device machines were an infringement of any of the claims of the patent in suit, alleging that such mechanical feed-device machines were not in issue in this suit, and complainants' counsel requested the Court not to pass upon such mechanical feed-device machines, stating that the Court presumably would not desire to do so without a full discussion, which complainants' counsel refused to make. The Leeds & Catlin Company have been advised by counsel for defendant that such mechanical feed-device machines are not an infringement of the patent in suit, have not been held by the courts to be an infringement of the patent in suit, are not included in the terms of the preliminary injunction issued in this suit, and that complainant's counsel has refused to contend in this suit that such mechanical feed-device machines are an infringement of the patent in suit."

There is *no evidence* in the record to support the contention of complainants' counsel made in the Circuit Court of Appeals (brief, p. 20) that the feed-device machine is not and never has been on the market. *Judge Lacombe made no such finding* (con. rec. p. 75) and there is *no warrant in the evidence* for the remarks of Judge Hough (con. rec. p. 92). The state of the art disclosed in petitioner's brief in case No. 80, upon the record here before the court in No. 81, shows how erroneous is Judge Hough's remark that the record is useful only in respect of complainants' machine (con. rec. p. 93). Defendant had and has such a machine on the market and complainants have brought suits against certain other makers of feed-device machines alleging that they are not true feed machines. Two such suits are pending undetermined, in which injunctions have been refused,

one in Michigan against the *Duplex Co.* and one in Pennsylvania against *Hawthorne & Sheble,* both unreported.

The material question, however, is whether the feed-device machine *can* be made and used without infringing the Berliner patent. Concededly it can, and the courts cannot, therefore, prevent the making and use of such machines by enjoining the selling of the unpatented record. Manufacturers have a right to develope, change or continue a lawful business. The feed-device Talk-o-phone is illustrated and described in the injunction record (p. 291); and described in the contempt record (p. 56). For defendant's feed-device machine see contempt record (pp. 55, 58).

Upon the appeal from the order for preliminary injunction herein, complainants' counsel, referring to defendant's exhibit of defendant's mechanical feed-device Talk-o-phone, again refused to contend that feed-device machines used with disc sound records of lateral undulations and uniform depth were an infringement of claims 5 and 35 of the patent in suit, but as stated in his brief on said appeal (p. 197) said;—

> "The court below very properly refused to consider the exhibit, as it was *not* one of defendant's machines purchased by the complainants *or charged with infringement in this case.*"

In view of the position take by complainants' counsel with reference to mechanical feed machines, defendant's counsel, under Point Fifteen (p. 195) of defendant's brief in the Circuit Court of Appeals, on said appeal, dealing with the point that mechanical feed-device machines do not infringe claims 5 and 35 of the patent in suit, said;—

> "As complainants, in the Circuit Court, refused to contend that the Talk-o-phones,

> operating by mechanical feed-devices, are an infringement of claims 5 and 35, this point is of importance only in so far as it bears upon the prior art."

Under Point Twelve (p. 187) of defendant's said brief in the Circuit Court of Appeals, defendant's counsel stated the sole question of infringement charged by complainants; and referring, not to the mechanical feed-device Talk-o-phones, but to Talk-o-phones without mechanical feed-devices, said;—

> "Complainants allege and show by a moving affidavit, however, that the Leeds & Catlin Company sold one of these Talk-o-phones. This raises the question of infringement with reference to the machines as to both defendants, although obviously the question is of small importance as far as the Leeds & Catlin Company is concerned, but of great importance as far as the Talk-O-Phone Company is concerned."

The briefs of both parties in the Circuit Court of Appeals upon the injunction and contempt branches of this suit are annexed to the moving and opposing papers on the petitions for the two granted writs of *certiorari*.

It has already been shown in considering above the vital element of claims 5 and 35 in suit, that mechanical feed-device machines were employed in the prior art for the reproduction of sound from disc and cylindrical records of all kinds, especially from disc sound records of lateral undulations and uniform depth. When considering the disc record of lateral undulations and uniform depth as an article of manufacture existing before the date of the invention of the patent in suit, it was shown (*supra*, pp. 16-20, 44) that mechanical feed machines, adapted for the reproduction of sound from *disc* sound records, lie at the very basis of the art of recording and reproducing sound,

and have been in existence ever since Mr. Edison first invented the *disc* and cylindrical phonograph in 1877 (see English patent No. 1644 of 1878, inj. rec. p. 472), and Bell & Tainter first invented the *disc* and cylindrical graphophone (see U. S. Patent No. 341,214 of May 4, 1886 inj. rec. p. 387), and Berliner first devised his gramophone of the prior art for the reproduction of sound from disc and cylindrical sound records of lateral undulations and uniform depth, copied in solid resisting material, according to the various processes for which he secured letters-patent (see English patent No. 15,232 of Nov. 8, 1887, inj. rec. p. 516, Figs 1 and 8; U. S. Patent No. 372,786, of Nov. 8, 1887, Fig. 1, inj. rec. p. 416; U. S. Patent No. 382,790 of May 15, 1888, inj. rec. p. 434; Electrical World for Nov. 12, 1887; inj. rec. p. 243, Figs. 1 and 2).

The evidence shows that such mechanical feed device machines are practical and commercial and have been manufactured and sold by the millions, from the time of Edison's invention of the phonograph in 1877 down to the present day, for the reproduction of sound from disc and cylindrical sound records of lateral and vertical undulations, and that the unsupported allegations of complainants' affiants that disc records of lateral undulations can be used only on the machines of claim 35 of the patent in suit are false. Of course this fact and the falsity of the allegations of complainants' affiants are conclusively established by the many patents of the prior art found in the injunction record and above referred to; the affidavits of defendant's experts, moreover, establish the same (affs., con. rec. E. F. Leeds, p. 31, pp. 55-56; L. H. Bunker, pp. 60-61; L. L. Leeds, pp. 63-64; L. Moeller, pp. 65-66).

On the motion for injunction, complainants' expert, Mr. Kennedy said (inj. rec. p. 58, fol. 172);—

> "the *main distinction* of the invention of the patent in suit over the *prior art* is in the manner of the propelling of the stylus across the record, which is not accomplished by an auxiliary feed screw, but is due to the operating engagement of the stylus point with the record groove itself, independently of other means."

In support of this statement, Mr. Kennedy, in his affidavit, quoted from Judge Hazel's opinion in the prior suit, shown to have been erroneous under Point Four, p. 88, of petitioner's brief in Case No. 80, to the effect that the principle of operation in the Berliner machine of the patent in suit differed from the Bell & Tainter feed-device machine of the prior art, in that in the Bell & Tainter machine a feed screw was necessary to effect the passage of the record over the point of the stylus..

Mr. Kennedy further said (inj. rec., p. 61, fol. 183), that the principle of Berliner's alleged invention consisted in

> "vibrating the diaphragm and propelling the stylus and the sound reproducer by and in accordance with the groove of the sound-record *across the surface of the record, and without a feed screw or other mechanism.*"

The court will observe that complainants were unable to differentiate the alleged invention of the patent in suit from the sound reproducing machines of the prior art except *by reading into claims 5 and 35* the limitation that the vibrating and propelling of the stylus along the record-groove, by and in accordance with the record-groove, shall be across the surface of the record and without a feed screw or other mechanism. *The claims contain no such limitation and are, therefore, void, in view of the prior art*, as shown at pages 90-96 of petitioner's brief on the injunction branch of this suit, No. 80.

Berliner, moreover, neither made nor intended to make any such limitation in claims 5 and 35, as fully shown at pages 172-178 of petitioner's brief in case No. 80.

In *McCarty* v. *Railroad Co.*, 160 U. S., 110, 116 and in *F. B. Stearns Co.* v. *Russell*, 85 Fed. 218, 224 (C. C. A.) it was held that,

> *"To imply as elements of a claim parts not named therein for the purpose of limiting its scope, so that it may be accorded novelty, is contrary to a well-settled rule of the patent law."*

The following propositions are clearly correct; first, that claims 5 and 35 are void in view of the prior art, for the reasons stated; second, that, conceding their validity, they do not cover the feed-device machine of the prior art.

The disc, sound record of lateral undulations and uniform depth is an article of the prior art and is concededly adapted for use upon the feed-device machines of the prior art and of the present day. Everybody *should be* at liberty to make, use and sell such sound records and such feed-device machines. Nevertheless, the courts below, by holding defendant in contempt in the case at bar, have enjoined the making, selling and using of an unpatented article, namely, the sound record, adapted for use upon sound reproducing machines of the prior art which concededly are not covered by the claims of the patent in suit. Furthermore, since defendant company is not permitted to make and sell upon the open market the unpatented sound record, the effect of the decisions of the courts below is to enjoin or prevent the making, selling, buying and using of the sound reproducing machines of the prior art, for such machines cannot be used without the sound record and such machines cannot be sold upon the market unless purchasers

thereof can also find sound records upon the open market.

Every individual is prevented, under the decisions of the courts below, from *making* and using a sound reproducing machine of the prior art, since, under the decisions of the courts below, he cannot obtain in the open market a sound record for use thereon made by defendant or manufacturers other than complainants.

Thus under a patent for an alleged *improvement only* upon the sound reproducing machines of the prior art, complainants have secured a practical monopoly of the unpatented sound record and sound reproducing machines of the prior art, since, under the decisions of the courts below, any person making and selling the sound record, on the open market, does so *at his peril.* Neither public policy nor the patent law permits such an invasion of the rights of the public. As Judge Wallace says, the majority opinion in the Circuit Court of Appeals "*extends the monopoly of the patent owner to an unprecedented extent.*"

Defendant's disc sound records are articles of commerce sold for export, and exported, to foreign countries in large quantities.

The evidence on this point is uncontradicted and is set forth in defendant's affidavits (con. rec. E. F. Leeds, p. 35, p. 57; L. L. Leeds, p. 64; L. Moeller, p. 67).

Assignment of Errors.

The following is the assignment of errors (con. rec. p. 82);—

The Circuit Court erred in the following particulars;—

1. In holding that defendant violated the order

and writ of injunction herein, in that defendant after said order and writ of injunction sold the *records* of claim 35 of the patent in suit, No. 534,543, of February 19, 1895, to Berliner, with the *intent* that said records should be used in combination with the other elements of that claim in *machines* (other than "mechanical feed" machines) *sold by complainants or their licensees combined with such records* for use in carrying out the method of claim 5 of said patent.

2. In holding that the order and writ of injunction herein enjoined and restrained defendant *in any way* from selling the *record* forming an element of the combination of claim 35 of the patent in suit.

3. In not holding that defendant, notwithstanding the order and writ of injunction herein, was at liberty to sell the *record* of claim 35 of the patent in suit for use in combination with the other elements of that claim in *machines, embodying the invention* of claims 5 and 35 of the patent in suit, *sold by complainants or their licensees.*

4. In holding that the *intent* with which defendant sold records was a violation of the order and writ of injunction herein *without proof* that any record sold by defendant was *used* by the purchaser *in infringement* of claim 35 of the patent in suit.

5. In holding that the *intent* with which defendant sold records was a violation of the order and writ of injunction herein *without proof* that any record sold by defendant was *used* by the purchaser *in infringement* of claim 5 of the patent in suit.

6. In holding that the *intent* with which defendant sold records was a violation of the order

and writ of injunction herein *without proof* that defendant *knew or was informed* that the *purchaser intended* to use a record purchased, *in infringement* of claim 5 or claim 35 of the patent in suit.

7. In holding that the selling of records by defendant to be used by the purchaser to *replace* a record purchased by him, from complainants or their licensees, together with a machine, embodying in combination the invention of claims 5 and 35 of the patent in suit, was a violation of the order and writ of injunction herein.

8. In not holding that, under the order and writ of injunction herein, defendant was at liberty to sell records to purchasers, from complainants or their licensees, of machines and records, embodying in combination the invention of claims 5 and 35 of the patent in suit, to enable such purchaser *to repair* the combination of such machine and record when the record should be *worn by use or broken.*

9. In holding that the question of defendant's right to sell records for use on machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees, had been *adjudicated* by the Court against defendant on the motion for or by the order and writ of injunction herein.

10. In not holding that the question of defendant's right to sell records for use on machines embodying the invention of claims 5 and 35 of the patent in suit, sold by complainants or their licensees, was *a new and doubtful question which was raised for the first time* upon the motion to punish defendant for contempt and which should not be passed upon in any such proceeding as a proceeding to punish for contempt.

11. In not holding that the records sold by defendant were adapted for *a useful purpose* other than for use upon machines embodying the invention of claims 5 and 35 of the patent in suit, and that defendant was, therefore, at liberty to sell such records on the *open market*.

12. In holding that defendant sold records with the *intent* that the same should be used in combination with the other elements of claim 35 of the patent in suit on machines sold by complainants or their licensees.

13. In not holding that the purchaser, from complainants or their licensees, of a machine and record embodying in combination the invention of claims 5 and 35 of the patent in suit, had *a legal right to improve upon* the said combination as he saw fit, and that defendant had a right to sell records to such purchaser to enable him to accomplish such purpose.

14. In holding that defendant by the sale of records *contributed to infringement* of claims 5 and 35 of the patent in suit, and thereby violated the order and writ of injunction.

15. In not holding that the record is *a perishable, temporary element* of the combination forming the machine embodying the invention of claims 5 and 35 of the patent in suit, *which must be, and is intended to be, frequently replaced*, and that defendant had the right to sell such records to the purchasers of such combination from complainants or their licensees to enable them *frequently to replace* such perishable, temporary records or parts of the combination.

16. In not holding that complainants and their licensees sold the combination embodying the invention of claims 5 and 35 of the patent in suit to

purchasers *without restriction* as to the records to be used to replace those purchased, and that defendant, by reason thereof, had the right to sell records to such purchasers for use in replacing records so purchased with machines from complainants and their licensees.

17. In not holding that defendant's records were *articles of commerce* which defendant could legally sell for *export* to foreign countries, for use in the United States on *mechanical feed-device machines* and for other lawful purposes, and that the sale of records by defendant on the *open market* was, therefore, a lawful act and not a violation of the order or writ of injunction herein.

18. In holding that the question of *contributory infringement* was involved in the sale by defendant of its records, the court *not* finding that defendant sold a record to any person who *constructed the other elements* of claim 35 of the patent in suit for use with such record or to any person who *used such other elements*, except persons who had purchased the same, together with records, from complainants or their licensees.

19. In holding that defendant sold records with an *intent to contribute to the infringing act* of another and in violation of the order and writ of injunction herein.

20. In construing claims 5 and 35 of the patent in suit and the order and writ of injunction herein so as to give to complainants *a monopoly of the unpatented record* forming part of the combination of claim 35.

21. In not holding that when complainants or their licensees sold the combination of claim 35 of the patent in suit, said *combination passed out of the monopoly of the patent* and the purchaser

thereof had the *right to repair, improve upon and use the same as if dealing with property of any other kind*, and, therefore, the right to purchase from defendant records *to replace* the records of the purchased combination.

22. In not holding that complainants and their licensees, by the selling of *the elements, other than the record*, of claim 35 of the patent in suit, *impliedly licensed* the purchaser thereof to combine a suitable record with such purchased elements, and for that purpose to purchase such a record from persons other than complainants or their licensees.

23. In holding that the *substitution* of a new record for a record of the combination of claim 35 of the patent in suit is *not a repair* of the combination.

24. In holding that the *substitution* of a new record for a record of the combination of claim 35 of the patent in suit is *not an improvement* of the combination.

25. In holding that a purchaser, from complainants or their licensees, of the combination of claim 35 of the patent in suit, had not the right to purchase, from another than complainants or their licensees, a new record and *to substitute* in the said combination the new record for the old record thereof *in order to increase his repertory of tunes*, and that defendant had not the right to sell a record to such purchaser for such purpose.

26. In holding that because a purchaser, from complainants or their licensees, of the combination of claim 35 of the patent in suit, may frequently purchase a new record to increase his repertory of tunes, he has not the right to purchase, from another than complainants or their licensees, a new

record in order *to repair or improve* the said combination.

27. In adjudging defendant in contempt of the order and writ of injunction herein.

28. In adjudging that defendant had disobeyed the order and writ of injunction herein.

29. In adjudging that defendant be fined in any sum.

POINT ONE.

The sound record is a temporary element of the combination forming the machine of the patent in suit and it is intended that the sound record shall frequently be replaced. The machine has no other use. It is well settled law that purchasers of such combinations from the patentee or his licensees have the right to replace such temporary parts, and that any manufacturer has the right to sell such parts to such purchasers for such purpose. The Courts below, therefore, erred in holding that defendant violated the injunction by selling records with the intent that the same should be used in combination with the other elements of claim 35, in machines sold by complainants or their licensees combined with such records.

(See assignment of errors, Nos. 1, 3, 7, 8, 13, 15, 20, 21, 22, 23, 24, 25, 26, *supra*, p. 54).

There is no distinction whatever between the question here involved and the question involved in *Morgan Envelope Co.* v. *Albany Paper Co.*, decided by Judge Wallace (40 Fed. 577) and this Court (152 U. S. 425). The principle of law applicable to this case, was so clearly stated by Judge Wallace and by this Court in the *Morgan Envelope Company* case that the attempted distinction, in the Courts below, between the facts of this case and the facts of the *Morgan Envelope Company* case must be understood as a rejection of the principle of law settled and decided by this Court in the *Morgan Envelope Company* case. As above pointed out at page 28 of this brief, the evidence conclusively establishes that the sound record is a *temporary* element of the combination forming the sound reproducing apparatus of the patent in suit, and that it is intended that the sound record shall frequently be replaced. *The fact that the sound record is a temporary element of the combination is of controlling importance.* The elements of the apparatus, other than the sound record, will last indefinitely for years. Complainants, in making and selling the patented sound-reproducing apparatus, *intend* that the sound record shall "be only temporary in the use of the whole" apparatus, and that the single apparatus shall, until it wears out, be used by the purchaser, for the reproduction of sound from hundreds of different sound records. The sale of the apparatus conveys the right so to use it. If the use of the apparatus were to be restricted to reproduction of sound from a single record sold as part thereof, complainants would find no purchasers since the apparatus would be of no value to a purchaser. By purchase of the combination, the purchaser acquires the right to replace the record thereof for any reason sufficient to the purchaser, whether it is because the purchaser desires to

hear a new selection or because the original record has been broken, worn out or otherwise destroyed.

In *Wilson v. Simpson*, 9 How. 109, 125, this Court stated the controlling principle, as follows;

> "The right of the assignee to replace the cutter-knives is *not* because they are of *perishable* materials, but *because the inventor of the machine has so arranged them as a part of the combination, that the machine could not be continued in use without a succession of knives at short intervals.* Unless they were replaced the invention would have been of little use to the inventor or to others."

The sound record, because of the marvelous delicacy of the undulations of the record-groove, and because of the fragility of the material in which it is formed, and because of the constant wear of the reproducting stylus upon the delicate undulations constituting the record-groove, may be worn out or broken or otherwise rendered unsatisfactory or useless within even the short space of an hour or a day The record cannot be used in the sound reproducing apparatus for the reproduction of sound therefrom for any considerable number of times without the certain destruction of the record. Even before the record is destroyed it will become useless, because, for a time at least, no one will desire to hear it repeated. *Unless the sound record be replaced at short intervals, the sound reproducing apparatus, of which the record is an element, would be of little use to the inventor or to others.*

It will be seen, from the quotation above made (p. 32) from the affidavit of Mr. Leeds, that

> "If the purchaser had not the right to replace the temporary part, the record, which it is intended he shall replace, he would pay from $17 to $100 for a machine which would reproduce for him but a single record for which he may have paid only 35 cents."

This being so, the inventor, Berliner, so devised and constructed the sound reproducing apparatus of the patent in suit that the temporary element, namely, the record, could be easily placed upon and taken off from the disc turn-table which holds it during the operation of the apparatus while sound is reproduced therefrom. The other elements of the combination, constituting the sound reproducing apparatus, were devised and constructed to last and to be used for years.

The testimony on behalf of complainants is that they sell the sound reproducing apparatus, including the record, forming the combination of claim 35 of the patent in suit, and that purchasers of the apparatus from complainants and their licensees constantly purchase new records, with the result that as time goes on the purchaser is obliged to expend far more for records than he originally expended for the machine combined with a record. The record is an unpatented article of commerce, which was known and used in the prior art. *Complainants seek a monopoly of the unpatented sound record because, forsooth, it is adapted for use as a temporary element of the patented combination, as well as for use as a temporary element upon the mechanical feed machines of the prior art.*

When the learned Circuit Judge stated that the disc sound-record is wholly unlike the toilet paper of the *Morgan Envelope Company* case, giving as the reason that the toilet paper was destroyed by a single use, he clearly erred. The learned Judge conceded, as he was bound to concede, that the disc sound-records wear out and that purchasers frequently bought new records "as substitutes for worn out discs." Obviously, it is not true that the toilet paper is destroyed by a single use. The roll of toilet paper, forming a temporary element of the patented combination of the *Morgan Envelope*

Company case, will serve not for a single use, but for many uses and until the last sheet of the many sheets of the roll has been used. In like manner, the disc sound record is used to reproduce sound therefrom several times until at last, after a number of uses, no one desires to hear it repeated or the sound record is worn out, broken or otherwise destroyed. The sound-record, like the toilet paper, is destroyed in the use thereof. In the use of the reproducing apparatus, the sound is delivered from the record and the record is destroyed, or rendered useless through repetition, just as in the use of the fixtures, forming with the paper rolls the patented combination of the *Morgan Envelope Company* case, the paper is delivered and destroyed. When the learned Circuit Judge endeavored to distinguish the sound-record from the toilet paper, upon the ground that the toilet paper was destroyed by a single use, he had in mind, no doubt, the cotton-tie case hereafter referred to, where the cotton-tie was entirely destroyed by a single use, just as a torpedo is destroyed by a single explosion There is, however, no analogy whatever between the case of the toilet paper and the case of the cotton-tie, as pointed out by this Court in the *Morgan Envelope Company* case. *The cotton-tie was sold subject to a license for a single use only, and the tie was, in fact, destroyed by the single use.* Such was not, however, the case with the combination of which the toilet paper was a temporary element. The *fixture* was not destroyed by the use and destruction of the paper, as this Court pointed out, nor is the *sound reproducing apparatus* destroyed when the sound-record forming an element or part thereof becomes useless through repetition or is broken, worn out or otherwise destroyed. To restore the combination of which the toilet paper forms a part, it is necessary merely to replace the toilet paper; and, in like man-

ner, to restore the combination of which the record forms a part, it is necessary merely to replace the record. *In neither case is there a reconstruction of the patented combination, but in each case there is merely the intended replacement of a temporary part. Hence, the distinction between "repair" and "reconstruction" is not involved in the case at bar. The fundamental error of the Courts below* (discussed *supra*, p. 6), *clearly arose from their failure to apply the ruling of this Court in the Morgan Envelope Company case, that the "renewal" of a temporary part of a patented combination is neither repair nor reconstruction. It is a right acquired by the sale and purchase of a patented combination involving a temporary element.*

The sound-record becomes useless or wears out just as the cutter-knives, forming part of the patented combination of the planing machine in *Wilson* v. *Simpson*, *infra*, where it was held that the purchaser had the right to replace the cutter-knives at short intervals. In the *Morgan Envelope Company* case, this Court stated that the replacement of the toilet paper was *nearly* analogous to the replacement of the cutter-knives. Clearly the replacement of the sound record is *exactly* the same in principle as the replacement of the cutter-knives. In the construction of the planing machine, it was *intended* that the cutter knives should be replaced at short intervals, because the machine could not be continued in use without a succession of knives at short intervals. So, in the construction of the sound reproducing apparatus, it is *intended* that the sound record shall be replaced at short intervals, and as already shown, the apparatus cannot be continued in use without a succession of records at short intervals. It was not intended that there should be a complete destruction of the planing machine when the cutter-knife was worn out or was

unsuited for a particular use, nor is it intended that there shall be a complete destruction of the sound reproducing apparatus when the record becomes useless through repetition or is broken, worn out or otherwise destroyed. On the contrary, complainants constantly sell to a purchaser of a single machine, new sound records to be *substituted* for the sound record or records originally purchased with the machine. *In the cotton-tie case, it was intended that there should be, and there was, in fact, a complete destruction of the tie as a result of the single use thereof.*

The learned Circuit Judge in his opinion also referred to the carbon-filament case (*Davis Elec. Works* vs. *Edison El. Light Co.* 60 Fed. 276). In the carbon filament case there was, however, by the use of the patented combination of which the carbon-filament was an element, such a complete destruction of the combination that *a reconstruction of the combination was necessary in order to replace the carbon filament.* The carbon-filament case is exactly like the cotton-tie case, and rests upon the same principle and has no analogy whatever to this case or to the case of the cutter-knives, or to the case of the toilet paper.

The clear distinction between the carbon filament case and the case at bar appears from the following quotation from the opinion of the Circuit Court of Appeals in that case (60 Fed. 276, 281;—

> "The appellants do not bring themselves within the expression in Wilson v. Simpson, 9 How. 125, renewed in substance in Cotton Tie Co. v. Simmons, 106 U. S. 94, to the effect that *temporary parts may be replaced 'in accordance with the intention of the vendor.'* While the supreme court has not expressly given this as a limitation, it may be made effectual as a permit where the facts authorize it. In this case *the plan of construction,*

which permits no severance of the parts by any ordinary method of detachment, the sale price of the entire device, about 30 cents, the comparatively large cost of the so-called reparation, the special skill required to make it, the fact proven that the device is made so cheaply that it can be thrown away without substantial loss when the filament is worn out, and the experience that, though the patent had run about 13 years, and some 13,000,000 lamps had been made before respondents below commenced the so-called reparations, destruction of the lamp after the filament was worn out had been the rule, distinguish this device in this respect from those which preceded it, *exclude the suggestion of either express or implied assent by the patentees to a renewal of the filament*, and compel the appellants to meet directly *the issue of reparation as against reconstruction.*"

In the case at bar the temporary sound record is frequently replaced "in accordance with the intention of the vendor." *Complainants constantly supply purchasers of their machines combined with records, with new records to replace the old records.* The facts of the case at bar, therefore, authorize the purchaser constantly to replace the temporary record. The plan of construction of the sound reproducing apparatus permits the severance of the record by the simplest and most ordinary method of detachment and the price of the record, from 35 cents to $5, is exceedingly small when compared with the price of the machine, which varies from $17 to $100.

There never was a sound reproducing apparatus sold, combined with a record, to a purchaser who did not frequently replace the record. The distinction between the principle and the facts of the carbon-filament case and the principle and the facts of a case such as the case at bar, is so clear and has been so often pointed out in the opinions

of the courts, that it requires no further argument to show that the learned Circuit Judge erred when he held that the substitution of a new record for an old record in the combination of claim 35 of the patent in suit was not, in any legitimate sense, "repairs," or within the rights of the purchaser, and cited, in support thereof, the carbon filament case.

The Circuit Court of Appeals for the First Circuit, which decided the carbon-filament case, distinguished the cotton tie case and the carbon-filament case from the cutter-knives case, according to the principles above stated, in *Goodyear Co.* v. *Jackson* (112 Fed. 146, 150), where the Court said:

> "When the patent is for *a single thing*, like a knitting needle, for example, and not for a device or machine composed of several things or elements combined, it is obvious that the replacement of an old needle by a new one in a knitting machine is not repair, but *a reproduction of the patented thing*. *Aiken v. Manchester Print Works*, 2 Cliff., 435; *Morgan Envelope Co. v. Albany Paper Co.*, 152 U. S. 425, 435; *Wilson v. Simpson*, 9 How. 109, 124.
>
> When the patent is for a device embracing the combination of several elements, a purchaser will infringe by reconstructing the device after it has fulfilled its purpose and is substantially destroyed. Where, for instance, the patent was for a cotton-bale tie, consisting of a band and buckle, and *'licensed to use once only,'* it is manifest that the severance of the band at the cotton mill was intended to operate as *a destruction of the tie*, and that *to roll and straighten the pieces of the band and rivet the ends together, at the same time using the old buckle, was a reconstruction of the tie, and not repair. Cotton-Tie Co. v. Simmons*, 106 U. S. 89.
>
> Again, where the subject of the patent was an electric lamp, and the invention resided in

the discovery that an attenuated carbon filament, if operated in a high vacuum would withstand disintegration and the claim was for the combination of carbon filaments with a receiver made entirely of glass, and conductors passing through the glass, from which receiver the air is exhausted, it is plain that, *when the filament is destroyed, and the vacuum is destroyed by making a hole in the receiver, and nothing remains but a perforated glass bulb and the conductors, the lamp is practically destroyed*, and that to replace the old filament with a new one, and again exhaust the air in the receiver and again seal it, is substantially the making of a new lamp. *Davis Electrical Works v. Edison Electric Light Co.*, 60 Fed. 276.

Where the patent is for a machine, which commonly embraces the combination of many constituent elements, the question of infringement by the purchaser will turn upon whether the machine is only partially worn out or partially destroyed, or is entirely worn out, and so beyond repair in a practical sense. In the case of a patent for a planing machine composed of many parts it was held that the replacement of the rotary knives, *'the effective ultimate tool' of the machine*, was repair, and not reconstruction. *Wilson v. Simpson*, 9 How. 109. In that case the Supreme Court rested its decision on two grounds: (1) *The right of the owner to replace a material part of the patented combination;* and (2) *the right to replace a part of the machine which it was known would quickly wear out, such replacement being necessary to a continued use of the machine, and therefore contemplated by the patentee when the machine was sold.* The decision in that case contains a careful discussion of the rights of a purchaser of a patented machine, and of the fundamental grounds on which those rights are based, and of the difference between repair and reconstruction."

The Morgan Envelope Company Case in the Circuit Court and Judge Wallace's Opinion Therein (40 Fed. 577).

After stating that three patents were involved in the suit, Judge Wallace held that the first patent for a package of toilet paper was "invalid for want of novelty" (p. 578). The learned judge then held that the other two patents for the combination of the package of toilet paper and mechanism to be used therewith disclosed and claimed "an ingenious and meritorious invention" (p. 579). The package of toilet paper stood, therefore, as an unpatented article, forming, however, an element of a combination based upon "an ingenious and meritorious invention." The question was, as stated by Judge Wallace (p. 580), whether defendant infringed by selling rolls of oval paper which they manufactured to persons who bought the paper and fixtures from the complainant, and having used up the paper wished to get more to use with the fixtures. This is the precise question here involved, never presented to any court in this litigation and never passed upon by any court in any form in this litigation before the motion for contempt herein, namely: whether defendant has the right to sell sound-records, an unpatented article of the prior art, for use upon the hundreds of thousands of machines sold, *combined with records*, by complainants and their licensees to purchasers within the United States. *Under Judge Wallace's decision, affirmed by this Court, defendant unquestionably has that right.* Judge Wallace said (p. 580):—

> "In other words, the case is as though the defendants were charged with infringement because they sell rolls of oval paper which

they manufacture to persons who have bought the paper and fixtures from the complainant, and, having used up the paper, wish to get more to use with the fixtures. *The sale of the paper to those who have a lawful right to use the fixture,* and *to use both the fixture and paper together, is not an invasion of the rights of the complainant.* The paper, as an element of the patented invention, is one for *temporary* use only. The fixture proper is a durable device, which is designed to last for many years; while the roll of paper may be completely used up in a few days. *This circumstance repels any inference that the right of a purchaser to use the fixture does not survive the life of the paper. The purchaser who buys a machine or device, patented or unpatented, without any restriction as to the mode or extent of the use to which he may apply it acquires all the rights of the seller and may do with it whatever the seller might have done if he had not parted with it.* He acquires the right to use it, to repair it, and to sell it to others; and those to whom he sells acquire all his rights. If the original vendor is the licensee of the article, a purchase of the article from him is, in legal effect, a purchase from the owner of the patent. *The sale of the article transfers the monopoly right in the article itself without qualification. Holliday* v. *Matheson*, 23 Batchf. 239, 24 Fed. Rep. 185. If the purchaser may lawfully *repair* the article, or *remove a part of it and substitute another*, it is quite immaterial whether he does it by his own hands or *procures another to do it for him;* and if the act when done by himself does not violate the rights of the owner of the patent, it does not when performed by another at his request."

Judge Wallace then pointed out (p. 581) that the law as above stated by him had been distinctly declared by this Court in *Wilson* v. *Rousseau*, 4 How. 647 and in *Wilson* v. *Simpson*, 9 How. 109.

Judge Wallace then distinguished (p. 581) the case of *Cotton-Tie Co.* v. *Simmons*, 106 U. S. 89, as follows;—

> "There the patented article was sold '*licensed to use once only*,' and after it was practically worn out, and the right of the purchaser to use it had terminated, another person, who bought the parts as old iron, *reconstructed* them anew into the patented article. *If in this case the fixtures had been worn out or had in any other way fully subserved the use for which they were intended when sold*, the doctrine of that case would apply."

Judge Wallace then pointed out that the law of contributory infringement had no application to the case. The attention of the court is directed to this holding of Judge Wallace, affirmed by this Court, that the law of contributory infringement had no application to the case, because complainants' counsel based his entire argument, in the Courts below, upon the law of contributory infringement which has no application whatever to the question here involved. Judge Wallace said (p. 581);—

> "The law of contributory infringement has no application to the case. That doctrine rests on the principle that he who concerts with another to do a wrong is an abetter, and equally guilty with the one who actually commits it. Here no wrong has been committed."

The same rule was stated in *Goodyear Co.* v. *Jackson*, 112 Fed. 146 (C. C. A.), where after a full review of the authorities, it was held, as stated in head note 1, that "*contributory infringement cannot be predicated of the rebuilding or replacing of parts of a patented machine by a purchaser for his own use.*"

In the case at bar there was not a particle of proof that defendant after the injunction sold a

sound-record for use upon an infringing machine or to complete an infringing machine; nor did the Circuit Court find that defendant had committed any such violation of the injunction. Complainants' counsel urged the Circuit Court to hold that *because the records sold by defendant might be used on infringing machines, defendant was in contempt;* but the Circuit Court refused to make any such ridiculous finding upon such matter of mere conjecture. This untenable proposition of complainants' counsel, that infringement may be conjectured, has been rejected by repeated decisions of the courts. Judge Wallace emphatically disposed of it as follows (40 Fed. p. 581);—

> "The complainant cannot rely upon the inconclusive statement, elicited upon cross-examination from the defendant Wheeler, to establish a sale by the defendants of paper with fixtures which had not been sold by the complainant. It would be mere guess-work to infer from that testimony that the fixtures thus sold were not originally made and sold by the complainant. The affirmative upon the issue of infringement is with the complainant, and the *onus* of proof is not satisfied merely by showing a state of facts from which infringement may be conjectured."

The Morgan Envelope Company Case in this Court and this Court's Opinion Therein (152 U. S. 425).

The *leading case* upon the question here involved is the decision of this Court in *Wilson v. Simpson*, 9 How. 109, the *principle* of which was applied by this Court in *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S. 425. In connection with these two cases the decision of Mr. Justice Clifford in *Aiken* v. *Manchester Print Works*, 2 Cliff., 435, should be considered, since, as stated by this Court in the *Morgan Envelope Company* case,

Mr. Justice Clifford there correctly pointed out that a purchaser of a patented combination could replace an unpatented ter porary part of the combination but could not make or use such temporary part of the combination in order to replace it, if such temporary part was the subject of a *separate patent*. In *Wilson* v. *Simpson*, and in *Morgan Envelope Co.* v. *Albany Paper Co.*, this Court held that *an unpatented temporary part of a patented combination could be replaced by the purchaser of the combination from the patentee.*

Since the sound-record which forms a temporary part of the combination of the patent in suit is not a patented article, it is clear, under the decisions cited, that the purchaser from complainants and their licensees of the combination of the patent in suit has a legal right to replace the temporary sound-record and to obtain the sound-record from defendant for such purpose. A consideration of the three cases cited will show this to be in accordance with the settled law.

In *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S., 425, this Court stated that three patents were involved, one for a package of toilet paper and two, which were practically the same, for a combination of the package of toilet paper described in the first patent with a mechanism for the delivery of the paper to the user. Upon a consideration of the evidence, this Court held that the first patent for a package of toilet paper was void, and the question was whether the defendants had infringed the other two patents for the combination. It appeared (p. 431) that defendants neither made, sold or used the mechanism to serve out the toilet paper,

> "except as they purchased it of the patentee and *the only acts proven against them were in selling oval rolls of paper of their own*

manufacture with fixtures manufactured and sold by the plaintiff in combination with its (plaintiff's) paper to persons other than the defendants, the *fixtures* having been obtained by defendants from the original purchasers of the patented combination; and *also of selling oral rolls of paper of defendant's own manufacture to persons who had previously purchased fixtures and paper from the plaintiff*, with the knowledge and intention that the paper was sold to be used in connection with the plaintiff's fixtures. In this connection it appeared that *it had not been the practice of the plaintiff to sell its fixtures independently of its paper* and that they sold only to such parties as dealt in and used their paper. * * * It appears to have been its invariable rule to refuse to sell fixtures except to persons also ordering paper."

Upon these facts, which are esentially the facts of the case at bar found by the Circuit Court, this Court said (p. 432);—

"*The real question in this case, is, whether conceding the combination of the oral roll with the fixtures to be a valid combination; the sale of one element of such combination, with the intent that it shall be used with the other element, is an infringement. We are of opinion that it is not.* There are doubtless many cases to the effect that the manufacture and sale of a single element of a combination, with intent that it shall be united to the other element, and so complete the combination, is an infringement. *Saxe* v. *Hammond*, Holmes, 456; *Wallace* v. *Holmes*, 9 Blatchford, 65; *Barnes* v. *Strauss*, 9 Blatchford, 553; *Schneider* v. *Poultney*, 21 Fed. Rep., 399. But we think these cases have no application to one where the element made by the alleged infringer is an article of manufacture perishable in its nature, which it is the object of the mechanism to deliver, and *which must be renewed periodically, whenever the device is put to use.* Of course, if the product itself is

> the subject of a valid patent, it would be an infringement of *that patent* to purchase such product of another than the patentee; *but if the product be unpatentable, it is giving to the patentee of the machine the benefit of a patent upon the product, by requiring such product to be bought of him.*"

Referring to the case of the *Cotton Tie Co.* v. *Simmons*, 106 U. S., 83, 93, this Court said that that case presented "no difficulty whatever," and further said (p. 434);—

> "It is evident that the use of the tie was *intended* to be as complete a destruction of it as would be the explosion of a patented torpedo. In either case, the repair of the band or the refilling of the shell would be a practical reconstruction of the device. *In this case, however, the purchaser of the new roll does precisely what the patentee intended he should do; he replaces that which is in its nature perishable, and without the replacement of which the remainder of the device is of no value.* The replacement is of a product which it is the object of the mechanism to deliver."

As explained *supra*, pp. 5-7, the sound-reproducing apparatus operates upon the sound record, as stated by Judge Wallace, just as the saw operates upon the log or the fixture upon the paper. In each case, when the operation of the machine is finished, *the thing operated on, the record or the log*, must be *replaced* in order to continue the use and enjoyment of the machine. It is as unreasonable to require the purchaser of the sound reproducing apparatus to purchase the *unpatented* records from complainant as to require the purchase of logs or paper from the patentee of the combination of which the log or paper was a part.

Continuing, in the *Morgan Envelope Co.* case,

this Court, referring to the case of *Wilson* v. *Simpson*, then said (p. 434);—

> "The case is more nearly analogous to that of *Wilson* v. *Simpson*, 9 How., 109, in which the invention involved was a planing machine, and the patent sued upon covered the combination with the cutting knives or planes of a pressure roller to effect the planing of the planks. It was proved that one of the machines would last in use for several years, but that its cutting knives would wear out, and must be replaced at least every sixty or ninety days. It was said by Mr. Justice Wayne, (p. 125) that
>
> > '*the right to replace them was a part of the invention transferred to the assignee for the time he bought it*, without which his purchase would be useless to him, except for sixty or ninety days after a machine had been put in use. It has not been contended, nor can it be, that such be a limitation of the assignee's right in the use of the invention.
> >
> > '*If, then, the use of the machine depends upon the replacement of the knives*, (and the assignee could replace them from time to time, as they were needed, during the first term of the patent, *though they are an essential and distinct constituent of the principle or combination of the invention,) frequently replacing them, according to the intention of the inventor, is not a reconstruction of the invention*, but the use only of so much of it as is absolutely necessary to identify the machine with what it was in the beginning of its use, or before that part of it had been worn out.
> >
> > 'The right of the assignee to replace the cutter-knives is *not because they are of perishable materials*, but *because the inventor of the machine has so arranged them as a part of the combination, that the machine could not be continued in use without a suc-*

> *cession of knives at short intervals.* Unless they were replaced, the invention would have been of little use to the inventor or to others.'"

In *Wilson* v. *Simpson*, immediately following the part above quoted from the opinion therein by this Court in the *Morgan Envelope Company* case, this Court further said;—

> "The other constituent parts of this invention, though liable to be worn out, are not made with reference to any use of them which will require them to be replaced. These, without having a definite duration, are contemplated by the inventor to last so long as the materials of which they are formed can hold together in use in such combination. *No replacement of them at intermediate interrals* **is meant** or is necessary. They may be *repaired as the use may require.* With such *intentions*, they are put into the structure. So it is understood by a purchaser, and beyond the duration of them a purchaser of the machine has not a longer use. *But if another constituent part of the combination* **is meant** *to be only* **temporary** *in the use of the whole, and to be frequently replaced, because it will not last as long as the other parts of the combination, its inventor cannot complain, if he sells the use of his machine, that the purchaser uses it in the way the inventor meant it to be used, and in the only way in which the machine can be used.*
>
> *"Such a replacement of temporary parts does not alter the identity of the machine, but preserves it, though there may not be in it every part of its original material.'"*

Clearly in the case at bar the sound reproducing apparatus sold by complainants has no use other than that involving continued replacement of the temporary sound record.

In the *Morgan Envelope Company* case, this Court, after stating that the case was more nearly

analogous to that of *Wilson* v. *Simpson*, and after quoting, as above shown, from the opinion of Mr. Justice Wayne in that case, then said (p. 435);—

> "The true distinction is stated by Mr. Justice Clifford in *Aiken* v. *Manchester Print Works*, 2 Cliff., 435, where the invention was of a knitting machine, with which the vendor was accustomed to send *a package of the needles* used in the machine, which needles were the subject of a *separate patent*. It was held that the purchase of the knitting machine, and the needles accompanying the same, did not confer upon the purchaser any right, after the needles were worn out and became useless, to manufacture other needles, and use the same in the knitting-machines so sold and purchased. The case of *Wilson* v. *Simpson* was distinguished from this in the fact that the cutters and knives in that case were not subject to a patent, and of course the respondent had a right to use them as materials to repair his machine; 'but,' says the court, '*unfortunately for the defendants in this case, the needle is subject to a patent*, and in making and using it they have infringed the right of the plaintiff.' *As we have already held that the paper roll in this case was not the subject of a valid patent, it follows that the defendants cannot be held as infringers for the manufacture and sale of such roll.*"

In *Wagner Typewriter Co. v. Webster Co.*, 144 Fed. 495, Judge Ray cites many of the leading cases sustaining the doctrine of the above cited cases.

POINT TWO.

The Circuit Court of Appeals, following the decisions of this Court, has held that the purchaser of a patented combination has the legal right immediately to substitute for an important or essential element of the combination one which he conceives to be better suited to his purposes, even though such element was intended to be permanent; and that any one has an equal right to make and sell such elements to such purchaser for such purpose (*Thomson-Houston Electric Co. v. Kelsey Co.*, 75 *Fed.* 1005).

(See assignment of errors, Nos. 1, 3, 7, 8, 13, 14, 19, 20, 21, 22, 23, 24, 25, 26, *supra*, p. 54).

In a consideration of this point the following inquiry is pertinent;—

What injury can result to complainants, if a purchaser from them of the combination constituting the sound reproducing apparatus of the patent in suit substitutes in the apparatus a record purchased from defendant for the record purchased from complainants as part of the combination? *Clearly there can be none, as held by this Court in numerous cases, other than complainants' failure to secure a monopoly of the unpatented record, a monopoly to which they are not entitled.* Having received the full consideration for the patented combination, which they sold without restriction, they cannot complain if the purchaser deals with it as he pleases and substitutes in it for one of its elements a like element which he conceives to be better suited to his taste or purposes.

The principle of the decision in the *Thomson-Houston Co.* case is stated in the third head note of the case, as follows (75 Fed. 1005);—

> "One who purchases the apparatus covered by the Van Depoele patent, No. 495,443, for an improvement in traveling contacts for electric railways, *has the right, immediately thereafter, to discard the element known as the 'trolley stand,' and purchase from another a different stand, which he conceives to be better suited to his purposes.* 72 Fed. 1016, modified."

The "trolley stand" was an element of the patented combination.

Judge Shipman, writing the opinion of the court, said (p. 1010);—

> "*If a purchaser from the complainant chooses, the day after his purchase, to substitute a stand which is better made and better adapted to his peculiar needs, he has the right to do so.*"

Judge Wallace, concurring in the principle thus stated by Judge Shipman, but dissenting from the decision of the court since he thought that the decree for injunction should not merely be modified but reversed altogether, said (p. 1011);—

> "*Concededly,* they have a right to repair their trolley stands, to substitute new ones for those old or worn out, or *to substitute a better and improved kind for those originally bought of the complainant.* The defendants have an equal right to make and sell the stands to such owners for that purpose."

The legal principle thus stated by Judges Shipman and Wallace, and concurred in by Judge Lacombe, was embodied in the decision of the court, whereby the order granting the preliminary injunction was modified by adding the following words (p. 1010);—

> "It is not intended to enjoin the defendant against the sale of trolley stands, by way of replacement of broken stands, or stands worn by use or *substitution for trolley stands previously sold by the complainant to purchasers from it*, but this permission does not give authority to reconstruct or rebuild a combination which has been sold by the complainant."

Thus the court recognized not only the right of the purchaser of a patented combination to replace an element that was *broken or worn by use*, but also the right *to substitute* for an element of the combination purchased from the patentee another similar element which the purchaser preferred. In other words, the Court applied the ruling of this Court that the renewal of such a single element of the combination was neither reconstruction nor repair, and was an act within the rights acquired by the purchase of the patented combination.

As pointed out by Judge Wallace (con. rec. p. 95), Judge Hough's opinion (p. 93), is in direct conflict with this previous decision of the same court. The court squarely held that the substitution of the trolley stand in the combination was *not* a reconstruction or rebuilding of the combination and this holding Judge Hough entirely overlooked.

This *right of substitution* is clearly a broader right than the right to repair. Judge Shipman, moreover, pointed out that this right of substitution extends not merely to the replacing of fragile elements, whose life is necessarily short, but also to the replacing of an *important element which was intended to be permanent* (pp. 1008-1009); and that the right of substitution or replacement existed even "though it shall be a replacement of an *essential part of a combination*" (p. 1009), cit-

ing and quoting *Wilson* v. *Simpson*, 9 How. 109, where, as stated *supra*, p. 77, this Court held that the right of substitution extended to

> *"an essential and distinct constituent of the principle or combination of the invention."*

Referring to the decision of this Court in *Wilson* v. *Simpson*, Judge Shipman also said (p. 1009);—

> "The *distinction* which the court was endeavoring to point out, and which it thought was well illustrated in the Woodworth planer, was the difference between *the repair or replacement of a single element of a combination*, and *the manufacture of a new machine in place of one which had become useless.*"

The manufacture of a new machine is, of course, reconstruction and not within the rights of the purchaser, from the patentee, of a machine which has become useless; but *the repair or "replacement" of a single element of the patented combination is not reconstruction and is within the rights of the purchaser.*

Replacement is to be distinguished from repair. As this Court said in the *Morgan Envelope Co.* case the *replacement* of the paper in the fixture was neither *reconstruction* nor *repair* (*supra*, p. 6). *This important principle was entirely overlooked by Judge Hough.*

If the purchaser of the patented combination had the right, "*the day after his purchase*," to purchase a new trolley stand and to substitute it for the trolley stand of the combination purchased from the patentee, it is clear that in the case at bar the purchaser, from complainants or their licensees, of the combination forming the sound reproducing apparatus of claim 35 of the patent in suit had the right to substitute for the record of the combination purchased from complainants or their licensees any other record which

he desired to substitute, and that defendant had an equal right to make and sell records to such purchaser for that purpose.

Judge Shipman, in his opinion (p. 1008) distinguished the cotton-tie case (*Cotton-Tie Co.* v. *Simmons*, 106 U. S. 89) and the carbon-filament case (*Davis El. Works* v. *Edison El. Light Co.*, 60 Fed. 276), upon the ground that those were cases of *reconstruction* of the patented combination, *having no analogy to the repair or replacement of a single element of a combination.* This distinction of the cotton-tie and carbon-filament cases, so uniformly made by the courts, has been fully dealt with under Point One of this brief (*supra*, pp. 64, 66, 76). In view of the decision of the court in the trolley stand case, now under consideration, it becomes still more clear that Judge Lacombe erred when, in his opinion in the case at bar, he cited the carbon filament case in support of the proposition that a purchaser had *not the legal right to substitute a new record* purchased from defendant for a record purchased as part of the patented combination from complainants or their licensees. The learned Circuit Judge stated that such substitution was not, in any legitimate sense, "repairs," because, he said, the new records were purchased more frequently in order to increase the repertory of tunes than as substitutes for worn out discs. Judge Lacombe, like Judge Hough, overlooked the holdings of this Court that *replacement* is neither *reconstruction nor repair* (*supra*, p. 6), and thus erroneously limited the right of a purchaser of a patented combination to "repair" and erroneously held that what is not "repair" must be "reconstruction." This holding of the learned Circuit Judge involved *three fundamental errors.*

(a) Judge Lacombe overlooked entirely the pur-

chaser's *right of substitution or replacement* of the single element, namely, the record, of the combination forming the sound reproducing apparatus.

(b) Judge Lacombe overlooked entirely the purchaser's right *to improve, as he pleases*, upon the purchased patented combination.

(c) Judge Lacombe *conceded* that the original record of the combination purchased from complainants or their licensees *became worn out*, and then denied to the purchaser of the combination from complainants or their licensees, the undoubted *right of repair*, which the purchaser could clearly exercise by substituting a new record for the original worn out disc. *In order to make such substitution, the purchaser of the combination must be at liberty to make or to buy as many new records as he chooses and to use any one of them, at any time, in lieu of the original record sold by complainants or their licensees as part of the patented construction.* Complainants assert that they sell the patented combination with such intention and subsequently sell many of the unpatented records that they may be so used.

The *right of replacement or substitution* is a right which the purchaser of a patented combination may exercise *at any time* and *in any manner he pleases* and *for any reason* that may be sufficient to him. Judge Shipman says he may exercise it the day after his purchase; if so, he may exercise it *immediately* upon his purchase. He may exercise it not because his trolley stand or other *unpatented* element is broken or worn out by use, but because *he likes some other trolley stand better.* So the purchaser from complainants or their licensees of the sound reproducing apparatus forming the combination of the patent in suit, may exercise his right of substitution or replacement

of the *unpatented* sound record at any time and for any reason. As Judge Wallace said in the case at bar "he can discard a part he does not care to use and substitute another" (con. rec. p. 95).

The right of substitution is a right supported by an unbroken line of decisions of this Court. Judge Shipman referred (p. 1008) to *Chaffee* v. *Belting Co.*, 22 How. 217. In the *Chaffee* case Mr. Justice Clifford, writing the opinion of this Court, pointed out (p. 223) that *the purchaser of a patented machine acquires the machine free from the monopoly of the patent, and in using the machine exercises no rights created by the act of Congress.* By purchase, the patented machine becomes *the indiridual property of the purchaser* and is subject no longer to the laws of the United States, but is subject only to the laws of the State in which it is situated. Hence the purchaser may use it, repair it and *improve upon it*, as he pleases. In explanation of this principle, Mr. Justice Clifford said (p. 223);—

> "That rule rests upon the doctrine that the purchaser, in using the machine under such circumstances, exercises no rights created by the act of Congress, nor does he derive title to it by virtue of the franchise or the exclusive privilege granted to the patentee.
>
> "*When the patented machine rightfully passes to the hands of the purchaser from the patentee*, or from any other person by him authorized to convey it, *the machine is no longer within the limits of the monopoly.* According to the decision of this court in the cases before mentioned, it then *passes outside of the monopoly*, and is *no longer under the peculiar protection granted to patented rights.* By a valid sale and purchase, the patented machine becomes *the private individual property of the purchaser*, and is no longer protected by the laws of the United

> States, but by the laws of the State in which it is situated. Hence it is obvious, that if a person legally acquires a title to that which is the subject of letters patent, *he may continue to use it, until it is worn out, or he may repair it or improve upon it, as he pleases, in the same manner as if dealing with property of any other kind.*"

In *Wilson v. Simpson*, quoted *supra*, p. 78, this Court said;—

> "Such a *replacement* of temporary parts does not *alter the identity* of the machine, but *preserves* it though there may not be in it every part of its original material."

Upon the same point, Judge Wallace said in the case at bar (con. rec. p. 95);—

> "He (the purchaser) is not under any implied promise *to maintain the machine as an entity* and may do whatever he chooses with any of the parts, as fully as if there had not been a patent."

In a later case, *Mitchell v. Hawley*, 16 Wall., 544, 548, Mr. Justice Clifford, again writing the opinion of the court, quoted with approval the part above quoted from the *Chaffee* case, and in addition held (p. 546), that patentees are "*entitled to but one royalty for a patented machine*," and that when they have sold the patented machine *without any conditions* and the consideration has been paid, they must be understood to have *parted with all their exclusive rights* and to have *ceased to have any interest whatever in the patented machine* so sold.

Hence arises the right of the purchaser to use the machine until it is worn out, to repair it and to *improve* upon it *as he pleases* in the same manner as if dealing with property of any other kind.

Clearly under the decisions of this Court, complainants in the suit at bar can have no right what-

ever to dictate what sound record shall be used by those who purchased from them, without restriction, the sound-reproducing apparatus of the patent in suit, for the sound record is an unpatented article.

In *Bloomer* v. *McQuewan*, 14 How. 539, 549, Mr. Chief Justice Taney said;—

> "When a machine passes to the hands of the purchaser, it is no longer within the limits of the monopoly. It passes outside of it, and is no longer under the protection of the act of Congress."

In *Adams* v. *Burke*, 17 Wall. 453, 456, it was held, on the authority of the *Bloomer* case, that when patented machines "are once lawfully made and sold, there is no restriction on their *use* to be implied for the benefit of the patentee or his assignees or licensees." Mr. Justice Miller writing the opinion of the court in *Adams* v. *Burke* also said (p. 456);—

> "But, in the essential nature of things when the patentee or the person having his rights, sells a machine or instrument whose sole value is in its use, *he receives the consideration for its use*, and *he parts with the right to restrict that use*. The article, in the language of the courts, passes without the limit of the monopoly (*Bloomer* v. *McQuewan*, 14 Howard, 549; *Mitchell* v. *Hawley*, 16 Wallace, 544). That is to say, the patentee or his assignee having in the act of sale received all the royalty or consideration which he claims for the use of his invention in that particular machine or instrument, it is open to the use of the purchaser without further restriction on account of the monopoly of the patentees."

In *Edison El. Light Co.* v. *Peninsular Co.* 101 Fed. 831, 835, 837 (C. C. A.), it was held, citing *Adams* v. *Burke*, that the vendee, of apparatus adapted for use according to the system of distri-

bution covered by an Edison patent, had the legal right to take the electric current from another than the vendor.

In *Hobbie* v. *Jenison*, 149 U. S., 355 and *Keeler* v. *Standard Folding Bed Co.*, 157 U. S., 659, it was held, following *Adams* v. *Burke*, as stated in the latter case, that

> "one who buys patented articles of manufacture from one authorized to sell them becomes possessed of *an absolute property* in such articles, *unrestricted in time or place*."

and that the absolute property of the purchaser includes the *unrestricted* right to *sell* as well as *unrestricted* right to *use*.

Judge Ray has collected several of the leading cases upon the *unrestricted right to use* in *Daimler Co. v. Conklin*, 160 Fed. 679.

The clear result of the authorities is that the patented sound reproducing apparatus, forming the combination of claim 35 of the patent in suit, passes out of the monopoly of the patent and the protection of the patent laws of the United States when sold unconditionally by complainants or their licensees. Complainants having received the consideration or royalty for the patented combination can claim no further interest therein and no restriction whatever can be implied on the use thereof in favor of complainants or their licensees. The purchaser acquires the right to deal with the sound reproducing apparatus as his individual property, free from the monopoly of the patent and free from the patent laws of the United States, and he may repair it and improve upon it in the same manner as if dealing with property of any other kind. Neither complainants nor their licensees can claim *a further royalty* or consideration, nor can they, by an attempt to restrict the use of the patented combination which they un-

conditionally sold and for which they received the full consideration, *secure a monopoly of the unpatented sound-record.*

Thus, the owner's *right of substitution* of a single element of a patented combination, purchased unconditionally from the patentee, is established by an unbroken line of decisions. This right of *substitution* includes the rights *to improve, to replace, to renew and to repair.*

POINT THREE.

The argument of complainants' counsel is based upon overruled cases.

The court will find the argument of complainants' counsel concisely stated in two overruled cases, viz;—*Thomson-Houston Co.* v. *Kelsey Co.*, 72 Fed. 1016 (C. C., Townsend, D. J.), *modified* 75 Fed. 1005 (C. C. A., Wallace, Lacombe and Shipman, C. J J.); and *St. Louis Co.* v. *Shickle Co.*, 70 Fed. 783 (C. C., Adams, D. J.), *reversed* 77 Fed., 739 (C. C. A., Caldwell, Sanborn and Thayer, C. JJ.).

In the *Thomson-Houston Co.* case, *supra*, Judge Townsend held that the trolley stand was "probably the most substantial, if not the chief, element in the patented combination"; and that it did not wear out quickly or break frequently (72 Fed. 1017). For these reasons Judge Townsend held that the principle of the *Morgan Envelope Company* case did not apply to the replacement of the trolley stands (p. 1018). Because the trolley stand was permanent and not temporary, Judge Townsend said that the replacement or substitution of the trolley stand was reconstruction and not repair (p. 1019). Clearly Judge Townsend's reasoning is the argument of complainants' counsel in its

entirety. The Circuit Court of Appeals held on appeal (75 Fed. 1005) that Judge Townsend was in error. Judge Townsend relied upon and cited Judge Wallace's opinion in *Travers* v. *Beyer*, 26 Fed. 450, also cited by complainants' counsel (brief, C. C. A., p. 125) and upon Judge Adams' opinion in *St. Louis Co.* v. *Shickle Co.*, *supra*, reversed in the Circuit Court of Appeals, as above pointed out.

In *Travers* v. *Beyer*, *supra*, the defendant made and sold an essential element of the patented combination to persons *who had not purchased the combination* from the patentee, but who combined the element purchased from defendant with the other elements, thus *making* the combination and infringing the patent. The element sold by defendant was of necessity to be used for the purpose of infringing the patent. This was a clear case of contributory infringement, having no analogy to the case at bar.

In *St. Louis Co.* v. *Shickle*, *supra*, Judge Adams held that the "knuckle" made and sold by defendant was the chief element (70 Fed. 785), and a permanent element, which it was not necessary frequently to replace (p. 786). For these reasons Judge Adams held that the principle of *Wilson* v. *Simpson*, *Chaffee* v. *Belting Co.*, *Morgan Envelope Co.* v. *Albany Paper Co.*, etc. did not apply and that the substitution of the knuckle by a purchaser from defendant in the combination purchased from the patentee was reconstruction and not repair (p. 785). The Circuit Court of Appeals held this to be error (77 Fed., 739). Although the knuckle was an important element of the patented combination and utterly useless except in the combination (p. 741), and although the knuckle was not a temporary element, nevertheless, since the knuckle was not claimed separately and was not

in itself a patented article (p. 743), the Circuit Court of Appeals held that defendant did not infringe the combination claim of the patent by making and selling the knuckles thereof to persons who had purchased the combination from the patentee and who, by such purchase had acquired the right to make and to use such knuckle for the purpose of repairing the purchased, patented combination (p. 743). The Circuit Court of Appeals pointed out that the testimony showed, as in the case at bar, that defendant's sales were made only to persons who had purchased the patented combination from the patentee and had, therefore, the right to use it; and, as in the case at bar, that there was no evidence showing that the purchasers from defendant used the purchased element for any purpose other than a repair. Hence, it was held that complainant failed to prove infringement.

The case at bar is much stronger than *St. Louis Co. v. Shickle, supra*, because it is *intended* by complainants that the sound record shall constantly be renewed in the use of the sound reproducing apparatus, which is constructed in such manner that a new sound record is to be inserted in and removed from the apparatus each time the apparatus is put to use. *In such case the distinction between reconstruction and repair becomes of no value, because, as this Court said in the Morgan Envelope Co. case, the renewal of the record is neither the one nor the other* (*supra*, p. 6). It is the use of the sound reproducing apparatus in the only way in which it can be used, and the purchaser acquired the right so to use the apparatus when complainants sold it to him.

In *Thomson-Houston Co. v. Kelsey Co., supra*, the court on appeal (75 Fed. 1005) conceded that the trolley stand was an important member of the patented combination which was intended to be

permanent and held that the purchaser of the patented combination from the patentee had the right *not only to repair* the patented combination by substituting a new trolley stand, not purchased from the patentee, by way of replacement of broken stands, or stands worn by use, *but also under the decisions of this Court, to substitute immediately a new trolley stand*, not purchased from the patentee, for the trolley stand purchased as part of the patented combination from the patentee.

It is clear that the substitution of a single unpatented and unpatentable element, though it be an important and essential and permanent element of the patented combination, is not reconstruction, but is within the right of the purchaser from the patentee of the patented combination. What difference can it make to the patentee, whether one who has purchased from him the patented combination and paid to him the consideration or royalty therefor, continues to use as part of the combination every purchased element thereof, or substitutes for one element an equivalent unpatented element purchased from some other person? The patentee of the combination is not entitled to royalty for the unpatented element and if he has received the royalty due him for the combination, he has no reason to complain, because the purchaser substitutes in the purchased combination an element better suited for his purposes. As Judge Wallace said in the case at bar (con. rec. p. 95);

> "*He (the purchaser) is not under any implied promise to maintain the machine as an entity and may do whatever he chooses with any of its parts, as fully as if there had not been a patent*" (cf. *Chaffee v. Belting Co.*, 22 How., 217, *supra*, p. 86; and *Wilson v. Simpson*, *supra*, p. 87).

Complainants attempt to secure a monopoly of the unpatented record, and to exact tribute for the record from those who have paid to complainants the consideration for the patented combination, is without any support whatever in the law and is manifestly an attempt to obtain tribute to which they are not entitled.

POINT FOUR.

Judge Hough's opinion in the Circuit Court of Appeals is clearly in conflict with the controlling decisions of this Court and with the decision of the Circuit Court of Appeals in Thomson-Houston Co. v. Kelsey Co., 75 Fed. 1005. Judge Wallace's opinion is correct and in accordance with the well settled law.

Judge Wallace's opinion is to be found at page 94 of the contempt record. It was, it is believed, the last opinion written by the learned Judge before he left the Federal bench after an experience in patent causes extending over a period of more than thirty years.

Judge Hough's opinion is to be found at page 90 of the contempt record. It was the first opinion, it is believed, which the learned Judge was called upon to write in a patent suit in the Circuit Court of Appeals.

It is respectfully submitted that the logic of Judge Wallace's opinion is unanswerable and that the principles of patent law enunciated by Judge Hough conflict with the decisions of this Court and of the Circuit Court of Appeals following the decisions of this Court.

Judge Wallace's Opinion.

Referring to Judge Wallace's opinion, it appears that after stating that claim 5 is void upon its face, he assumed it to be valid and said that it is not infringed except by using the combination or machine of claim 35. Judge Wallace then pointed out;—

> "A sound record is one of the parts enumerated in claim 35. It is, however, only *a subsidiary part* of the machine. Its relation to the machine proper is analogous to that of the sheet of paper in a typewriting machine, or the stalks of corn in a corn cutter. *It is a thing which is to be operated on by the machine proper.*"

In further explanation of the character of the sound record as a part of the machine, Judge Wallace, after stating the well settled rules of law applicable to the facts, said (p. 95);—

> "Let us consider from a practical standpoint what any other rule would lead to in a case like the present. The purchaser here has bought with his machine a sound-record, or half a dozen sound-records, each having the necessary grooves cut in it to enable him to reproduce for his own pleasure a particular piece of music. *The record is a fragile thing* which is to be *inserted* into the machine by the user, and must be *adjusted* accurately to the vibratory parts, and is to be *removed* when he wants to reproduce a different piece of music. *Any slip of the hand will destroy it.* Not only is this so, but *its sound producing qualities are lost by the contact of the needle which is vibrated in its grooves long before the machine proper is worn out, and generally early in its normal life.* Whenever either of these things happens, a machine, which costs at least seventeen dollars, is disabled unless a record like one which has been sold with it at the price of 35 cents, and *which anybody and everybody has a right to make*, may be *replaced* in the machine in lieu of the useless one."

Unquestionably Judge Wallace's statement in the case is correct. The sound record is a temporary element of the sound reproducing apparatus made and sold by complainants, and it is intended, as well as necessary, that the purchaser shall, in order to enjoy and use the purchased machine, frequently and periodically *renew* or *replace* the sound record of the machine. To do this is the very object for which he purchased the machine. A typewriting machine is sold and purchased with the intention that the sheet of paper operated upon shall be constantly renewed; a corn cutter, a sewing machine, a planing machine or a toilet fixture with the intention that the stalks of corn, logs, cutting knives, or rolls of paper, forming parts of the combinations, shall frequently and periodically be replaced. The question is not one necessarily of *reconstruction* or *repair*, for it has a broader basis, under the decisions of this Court, and has to do with the right of the purchaser of a patented combination *to replace or renew* those temporary parts of the combination which, in the reasonable use and enjoyment of the machine, he must replace if he is to use the machine in the manner for which it is arranged and for which it was sold and purchased.

Judge Wallace pointed out that it clearly appears by the opinion in the suit, in which the validity of the patent was established, that *the invention of the claims 35 consists in the universal joint or swinging arm*, and that *everything else in the machine was old, including the sound record*. Judge Wallace then stated with precision the real question in this case. He stated it precisely as he stated it, with the approval and affirmance of this Court, in the *Morgan Envelope Company* case. The learned Judge said (p. 94);—

> "It is not questioned and cannot be, that the plaintiffs in error were *at complete liberty to make and sell such sound records as they did*,

provided they did not sell them to purchasers who had no right to use them in combination with the other devices enumerated in claim 35. They have been adjudged guilty of contempt because they have sold them, or threatened to sell them, to users of the so-called "Victor" machine which embodies the combination, and who purchased their machines from the Victor Talking Machine Company, the owner of the patent. *If these purchasers were at liberty to remove a sound record which originally accompanied the machine, and substitute for it a sound record sold by the plaintiffs in error, they were not infringers;* and plainly the plaintiffs in error could not be infringers by assisting the purchasers to do that which they had a right to do. *The real question in the case therefore is whether the purchasers of the Victor machines infringe the patent by using in their machine the sound records manufactured by the plaintiffs in error.*"

Thereupon Judge Wallace, following clearly the opinions of this Court in *Chaffee* v. *Belting Co.*, 22 How., 217; *Wilson* v. *Simpson*, 9 How. 109; *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S., 425 and 40 Fed. 577, where he wrote the opinion in the Circuit Court, and the decision of the Circuit Court of Appeals in *Thomson-Houston Co.* v. *Kelsey*, 75 Fed. 1005, and the other leading authorities cited and quoted under Points One and Two of this brief, stated the rule of law applicable to the facts in the case at bar as follows (pp. 94-95);—

"*The purchaser of a patented machine from the owner of the patent acquires the right to do what he may choose with the particular machine, or any of its parts, as freely as he could if it, or none of its parts, had never been patented.* Undoubtedly he cannot, after his machine has practically ceased to exist for any useful purpose, reconstruct it by reparation, nor can he then reconstruct it by disorganizing it and substituting as new parts the dominating and

vital features of the patented invention. *But no question of this kind is involved in the present controversy. The only question is whether he can discard a part he does not care to use and substitute another.* When such a part is not the fundamental invention in the patented machine, *I cannot doubt he is at liberty to do so.* This was so decided by this Court in the 'trolley stand' case (*Thompson Houston Co. vs. Kelsey Co.*, 75 F. R., 1005), and is *not an open question* in this court, unless it is proposed to reconsider and overrule that decision. *He is not under any implied promise to maintain the machine as an entity and may do whatever he chooses with any of its parts, as fully as if there had not been a patent.*"

In the consideration of the case from a practical standpoint, Judge Wallace added (p. 95);—

> "If the owner of the patent stops manufacturing records, or no longer has in the market a record grooved like the one which has been destroyed, what is the purchaser to do if he has not the right to replace a record without the permission of the patent owner? The purchasers of the Victor machine cannot require the Victor Talking Machine Company to supply them with records, and can only procure them from it on such terms as it pleases to exact. *If they are not at liberty to procure them elsewhere, the company can dictate how long they are to enjoy the use of their machines.*"

In conclusion Judge Wallace pointed out that there was *no precedent* for the rule of infringement adopted by the majority, saying (p. 95);—

> "*Such a rule of infringement as is adopted by the majority opinion, not only extends the monopoly of the patent owner to an unprecedented extent*, but is *subversive of the right of a purchaser of the patented thing to realize its fair measure of usefulness by making neces-*

sary reparations or changes by way of improvement."

Judge Hough's Opinion.

A consideration of Judge Hough's opinion shows that it is in conflict with the authorities. As Judge Wallace said, the question here involved was decided in favor of this petitioner by the Circuit Court of Appeals for the Second Circuit in *Thomson-Houston Co.* v. *Kelsey Co.*, 75 Fed. 1005, and that the question was not an open question unless it was proposed to reconsider and overrule that decision. Clearly Judge Hough has attempted to overrule that decision. In his opinion, Judge Hough says (p. 93);—

> "The final contention against the order below, admits that the record actuating the stylus is a vital part of the combination claims of the patent in question; but declares that any purchaser of the patented article may immediately *substitute* for even an essential element therein, any other element which he conceives better suited to his purpose; *and of course if this be true such preferred elements may be freely manufactured and sold.*
>
> We think this contention disposed of by Thompson-Houston, etc. Co. *vs.* Kelsey, etc., Co., 75 F. R., 1005; for the right of substitution there recognized was specifically restricted so as to refuse 'authority to reconstruct or rebuild a combination which has been sold by the complainant;'—and whenever a Leeds & Catlin record is placed in a Victor machine the patented combination is instantly reconstructed."

We have seen that this court held in *Wilson* v. *Simpson* that the right to replace a temporary element of a patented combination extends to *"an essential and distinct constituent of the principle or combination of the invention"* (*supra*, p. 77).

The cutting-knives were essential elements of the planing machine. The toilet paper was an essential element of the toilet fixture. The trolley stand was an essential element of the patented combination in the *Thomson-Houston Company* case.

The rule of law is, as contended for by this petitioner. It was recognized and stated by the Circuit Court of Appeals in the *Thomson-Houston Company* case, for the court there said that the defendant was not enjoined against the sale of trolley stands for "*substitution for trolley stands previously sold by the complainant to purchasers from it*" (*supra*, p. 82). In other words, the court held that substituting one trolley stand for another trolley stand *in the patented combination* was *not* a reconstruction or rebuilding of the combination. As this Court said in the *Morgan Envelope Company* case (*supra*, p. 6), the *renewal* of a temporary part of a patented combination is *neither repair nor reconstruction*. In the trolley stand case the right to substitute in the patented combination a new trolley stand for the one sold by the patentee as part of the combination was recognized, although the trolley stand was a permanent, important and essential part of the combination (*supra*, pp. 81-82). It was, however, unpatented, like the sound record in the case at bar, and did not, therefore, embody the vital elements of the *invention* and in this respect it is like the sound record, for the sound record, concededly, belongs to the prior art.

Judge Hough concedes that the right of substitution is a right pointed out by this Court in *Chaffee v. Belting Co.*, 22 How. at page 223, and that it is different from the right to repair. It is not clear whether Judge Hough regards the right of substitution as being the same as the right to improve, both of which rights he admits exist under

the decision of this Court in the *Chaffee* case. Judge Hough says that the right of substitution rests upon the right to improve, but then he adds that there is here no true substitution, and improvement is scarcely pretended. In this statement, substitution seems to be differentiated from improvement. Clearly the learned Judge was in error. The substitution of a new record for a record sold by complainant as part of the patented combination is clearly within the right of substitution and within the right to improve. That must be an improvement in the patented combination which is desired by the person making it. No truer case of lawful substitution could be found than the substitution of one record for another in a sound reproducing machine, for the machine is sold and purchased with the *intention* that it shall be used for reproducing sound from records which the purchaser is expected to secure from time to time, and which he must secure from time to time if he is to use and enjoy the purchased machine.

Upon the question of infringement Judge Hough said (p. 91);—

> "Upon these facts it is clear that the Leeds & Catlin Company have made and sold a single element of the claims of the Berliner patent, with the intent that it should be united to the other element and complete the combination;—and this is infringement (Heaton Peninsular, etc. Co. *vs.* Eureka Specialty Co., 77 F. R., at 297; adopted by this Court, Cortelyon *vs.* Lowe, 111 F. R., 1005)."

Judge Hough evidently overlooked the fact that in the later case of *Cortelyon v. Johnson*, 145 Fed. 933 (S. C. 207 U. S. 196), the Circuit Court of Appeals for which he was speaking repudiated the decision of the *Heaton-Peninsular Company* case and thus overruled *Cortelyon v. Lowe*. The fasten-

ers of the *Heaton-Peninsular Company* case were *unpatented* articles.

It would, indeed, be difficult to see what connection exists between the facts of the case at bar and the decision of the *Heaton-Peninsular Company* case. In that case the owner of a patent for a machine sold the machine *subject to a condition or restriction* that it should be used only with fasteners made by the seller. Whether the decision in the *Heaton-Peninsular Company* case is good law or not, has been left an open question by this Court in *Cortelyou* v. *Johnson*, 207 U. S., 196 (see other cases cited *infra*, p. 112). In the case at bar complainants sold their sound reproducing machines combined with records *without any restriction whatever*, so that the principle of *Morgan Envelope Co.* v. *Albany Paper Co.*, *supra*; *Wilson* v. *Simpson*, *supra*; *Chaffee* v. *Belting Co.*, *supra*; *Thomson-Houston Co.* v. *Kelsey Co.*, *supra*; and other cases hereinbefore referred to applies.

In the *Heaton-Peninsular Company* case the Court expressly said (77 Fed. 300):—

> "In the case at bar *the purchaser expressly agreed, by contract*, that his right to use the machine should not extend beyond its use with staple fasteners furnished by the patentee, and *this makes the broad distinction between the Morgan Envelope Co. case and the case at bar.*"

The other case, *Cortelyou* v. *Lowe*, cited by Judge Hough, is a mere memorandum decision adopting the *Heaton-Peninsular Company* case.

The making and the selling of a single element of the claims of the Berliner patent with the intent that it shall be united to the other element and complete the combinaion is clearly, as pointed out by Judge Wallace, not an infringement of the claims of the patent if the purchasers of complainants'

machines possess the right to remove a sound record which originally accompanied the machine and substitute for it a sound record thereafter purchased by them. The machines having been sold by complainant *without restriction*, purchasers from complainants of their machines undoubtedly have such right.

Judge Hough finds that "*disc records are fragile, i. e., brittle and easily broken.*" He says, however, that they are not perishable in the sense that they do not decay. They are perishable, however, in the sense that they are fragile and easily broken and are worn out by use. Judge Hough says that the records are not temporary in the sense that they are not intended to endure. He *believes* that they usually last as long as does the vogue of the songs they record—*a very limited time indeed.* The record would not last even that length of time if repeatedly used. As shown by the evidence, a record can be played from 15 to 60 times (*supra*, p. 32). Even complainants' experts do not claim that the repetitions of sound from a record can exceed 250 to 300 times. If a record is *used* it may last a day or week, possibly longer, depending entirely upon the number of times it is used each day.

Complainants were held to have infringed letters patent of the United States No. 688,739, of December 10, 1901, to Joseph W. Jones (151 Fed. 595), as fully explained at page 4 of petitioner's brief on the injunction branch of this suit, No. 80. Jones in his patent No. 604,829, of May 31, 1898, to be found at page 44 of the contempt record, has explained fully just how the sharp, steel needle of complainants' machines destroy the sinuosities of complainants' records manufactured in accordance with his (Jones') process. In that patent Jones says (con. rec., p. 44, lines 35-51);—

> "In all reproducing apparatus of the above type, as far as I am aware, *a long arm has been employed to support the sound-box and stylus*, and where it has been desired to intensify the sound *a horn* in like manner has thereby been supported and carried, the movement imparted to the arm sound-box and horn being effected by the *delicate-groove* of the record working in conjunction with the stylus. It frequently happens that the sinuosities of the record leave *very delicate partition-lines* between the volutes of said record, so that after *several reproductions* the grooves are caused *to run together* by the friction of the stylus, thus preventing a complete and perfect reproduction of the sound-waves recorded upon the record."

The evidence disposes of the learned Judge's "belief."

Judge Hough, however, has given too limited a meaning to the word "temporary." A temporary part of a patented machine, under the decisions of this Court, is a part which it is *intended* shall frequently and periodically be replaced or renewed. If the patentee constructs his machine so that one element can and must frequently be replaced or renewed in the use of the machine, and sells the machine intending that the purchaser shall thus use it, *the right of the purchaser thus to use the machine arises from the manner in which it is made and the intention with which it is sold* (*Wilson* v. *Simpson*, *supra*, (pp. 62, 77). The learned Judge admits that a rifle bullet and probably a cartridge shell are perishable and temporary parts of the combination of rifle and ammunition, but he doubts that the missile of a toy gun is a perishable or temporary part. It may be broken or it may be lost or mislaid. It may become worn by use. It may also not be suited for the purposes of the boy gunner. Unquestionably, within the principle of

the decided cases, *if the missile of the gun is not in itself a patented article*, the purchaser and user of a patented combination consisting of the gun and the missile, would have the right to renew the missile as often as he chooses. But even this case is not the case at bar, because in the case at bar complainants sold their machines with the *intention* that the purchaser should replace the record, and that intention, under the decisions of this court, gives to the purchaser the right to renew the record because *that right was part of what he purchased.*

In answer to petitioner's argument, that those who purchase the patented combination in question without restriction have the lawful right to provide themselves with unpatented records made by any person whatever for the purpose of replacement and repair, Judge Hough concedes the right to repair, and then at once destroys the right by holding petitioner in contempt for having sold records to persons who had purchased complainants' machines.

POINT FIVE.

No question of contributory infringement is here involved. Judge Shipman's decision in Am. Graph. Co. v. Leeds, 87 Fed. 873, cited by the Circuit Court bears no analogy to the case at bar. Judge Grosscup's opinion in Am. Graph. Co. v. Amet, 74 Fed. 789, supports petitioner's contentions.

(See assignment of errors, Nos. 14, 17, 18, 19, 25, *supra*, p. 54).

Judge Shipman in the case above cited followed Judge Grosscup's decision in *Am. Grap. Co. v. Amet*, 74 Fed. 789. Both were cases of *infringe-*

ment. The patent there in suit was the Bell & Tainter patent No. 341,214, of May 4, 1886 (inj. rec. p. 387), of which claims 22 and 24, especially, were relied upon. Those claims covered the *combination of a sound record and a reproducer.* It appeared in each case that the *defendant* manufactured and sold the *reproducing mechanism* or graphophone machine of the combination claimed in the patent. Purchasers of defendant's machines combined them with the other element of the combination, namely the record, which they purchased from the patentee, and thus *made and completed the combination of the patent.*

If, in the toilet paper case (*supra*, p. 73) the *defendant* had made and sold the *fixtures* of the patented combination of which the paper was a temporary element and the purchasers of the fixtures from the defendant had combined them with paper purchased from the patentee; or if, in the planing machine case (*supra*, p. 77), the *defendant* had made the *machine* (without the cutter knives) of the patented combination of which the cutter knives were a temporary element and had combined it with cutter knives purchased from the patentee; or if, in the case at bar, defendant had made and sold the sound reproducing apparatus (without the record) and purchasers of such apparatus from defendant had combined it with records purchased from complainants; in all such cases the facts would have been the same as, or analogous to, the facts in the *Leeds* and *Amet* cases decided by Judges Shipman and Grosscup and the defendants would have been guilty of infringement.

The clear distinction, therefore, between the *Leeds* and *Amet* cases on the one hand and the case at bar, the toilet paper case and the cutter knives case on the other, *is that in the former there was no sale by the patentee of the combination of the pat-*

cut, while in the latter there was. Hence in the former the purchaser of the machine from the defendant and of the record from the patentee acquired no right at all to the *combination* and, therefore, no right to repair, replace, substitute or improve upon any element of the combination; while in the latter the purchaser of the *complete combination* from the patentee acquired all such rights.

The decisions of Judges Shipman and Grosscup are clear authorities in support of defendant's position in the case at bar. Judge Grosscup clearly recognized and stated the undoubted right of a purchaser from a patentee of a sound reproducing apparatus, forming a patented combination of which a record is an element, *to replace the record*, originally purchased as part of the combination, *by a new record*, and such right, he clearly indicated, would exist *whatever the purpose of replacement or substitution might be*, whether to replace a record old, broken, scratched or worn out by use, *or to substitute merely one record for another*, as in the trolley-stand case (*supra*, p. 81), where Judge Shipman, speaking for the Court, said that a purchaser of the patented combination of which it was a part, could substitute a new trolley stand for one purchased from the patentee immediately upon the purchase of the combination. Judge Grosscup said (*Am. Graph. Co.* v. *Amet*, 74 Fed. 789, 791);

> "It appears, however, that these *records* are sold by complainant on the open market, and it is contended that such sale releases this element of the combination from the monopoly of the patent. I do not concur in this view. To make the graphophone more widely useful, the complainants make many records, embodying music, speech, and other sounds, and distribute these, by sale, to the users of the phone. But the record thus distributed remains an in-

tegral part of the combined mechanism. It is not a product of the machine, but still a part of it. *It is not unusual, in many mechanisms, that some elements of their combination must be more frequently renewed than others. The sale of such parts, segregated from the machine, is only the replenishing of the combination by a substitution of a new element for the one worn out.* Such action does not break the patentability of the combination. *So, in this combination, substitution by sale of one or many records for another though not due to the same necessity, ought to receive the same consideration.* The keys of a piano may be replaced without releasing the combination of which the keys are an element from the monopoly of a patent. I can see no reason why the record of a graphophone may not, though for a different purpose, be likewise *replaced* without breaking the validity of the combination."

The logic of Judge Grosscup's opinion unquestionably supports defendant's position in the suit at bar. Judge Grosscup held that *substitution* of one record for another in the patented combination, "in order to increase the repertory of tunes" and make the graphophone useful, was the same in principle as *repair* and ought to receive the same consideration. *Such substitution is not reconstruction in any sense.*

It is very clear that in the *Amet* case defendant was not selling to a purchaser of the *combination* from the patentee a temporary part or any part intended to replace a part of a combination purchased from the patentee. The mere sale of *records* by the patentee was not a sale of the *combination* but a sale for the purpose of enabling purchasers of the combination to repair or keep the combination useful when the original records were discarded because worn out or not desired. Judge Grosscup recognized that the sale of records was the same as the sale of parts to replenish a combination by a substitution of a new element

for the one worn out. He says that the keys of a piano may be replaced without releasing the combination of which the keys are an element from the monopoly of a patent. This clearly means, and under the authorities must mean, that if the patentee had sold the combination consisting of the piano and the keys, or consisting of sound reproducing mechanism and a sound-record, the purchaser would have acquired the combination released from the monopoly of the patent and would in consequence have acquired the right to replace the keys of the piano or the sound-record in order to replenish the combination when the keys required replacement, or the sound record had been rendered useless through repetition or had been broken, scratched or worn out.

What Judge Grosscup decided is very clear and admits of no question whatever. In the *Amet* case the *defendant* made and sold *the reproducing mechanism or graphophone* of the combination claimed in the patent. The sale was made not to a person who had purchased the combination of the patent from the patentee, but to a person who had purchased or who contemplated purchasing only the temporary record of the combination from the patentee. *Therefore, the purchaser had not paid to the patentee the consideration or royalty for the use of the combination of the patent and not having acquired the combination of the patent by purchase from the patentee, he had no right whatever to make or to deal with the combination of the patent in any way whatever.*

The Amet case is not the reverse of this case. Here the proposition is that defendant sells sound-records *to purchasers from complainants and their licensees of the combination* of the patent consisting of the reproducing mechanism *and the record.*

In the Amet case *there was no purchaser of the combination from the patentee* and hence the reproducing mechanism made and sold by defendant was sold to a person who had acquired no right whatever to use the combination of the patent. It is hardly necessary to point out that the reproducing mechanism is the *permanent* part, both of the graphophone of the *Amet* case and of the gramophone of this case, and it is the reproducing mechanism of this case which *contains the essence of the invention,* to wit: the universal joint. If a purchaser of the combination from complainants and their licensees were to construct or purchase from another than complainants or their licensees *the reproducing mechanism*, he would be *reconstructing* the invention and not replacing a temporary part. When, however, a purchaser of the combination from complainants and their licensees replaces the record which is essentially a *temporary* part of the combination and which is changed practically every time the machine is put to use, and which is perishable in its nature, soon becomes old, broken or worn out by use, the purchaser does the very thing which complainants intended he should do when they constructed the combination and sold the combination to him.

The contention of complainants, therefore, comes to this, that in order to continue the purchased combination in use, the purchaser must continue to purchase from complainants the unpatented and temporary part of the combination, namely, the sound-record. In other words, complainants assert that they have a monopoly in the unpatented article. It is confidently asserted that such contention is erroneous and in direct conflict with every adjudicated case. This Court expressly so held in the *Morgan Envelope Co.* case (*supra*, p. 76).

POINT SIX.

Complainants and their licensees having sold the combination of the patent to purchasers without restriction as to the records to be used to replace those purchased, it is well settled law that defendant has the right to sell records to such purchasers for use in replacing records purchased with machines from complainants and their licensees.

(See assignment of errors, No. 16, *supra*, p. 54.)

In *Heaton Co.* v. *Eureka Co.*, 77 Fed. 288, the Circuit Court of Appeals for the Sixth Circuit considered this question. It was held that the owner of a patent for a machine for fastening buttons to shoes with metallic fasteners could sell such machines, subject to a condition or restriction that they should be used only with fasteners manufactured by the seller. Judge Lurton, writing the opinion of the court, pointed out (p. 300) that the distinction between such a case and the *Morgan Envelope Company* case (152 U. S., 425), and the case of *Wilson v. Simpson* (9 How., 109), discussed *supra* under Point One, consists in the *restriction* under which the patented machines for fastening buttons were *sold*. This distinction Judge Hough overlooked. Referring to the *Morgan Envelope Company* case Judge Lurton said (p. 300):—

> "the sale of the machine involved and implied the right of use of the material with which it was to be combined; and this is shown by the case of Wilson v. Simpson, 9 How. 109, which is cited by Mr. Justice Brown as a case sustaining his conclusion. That case was a

suit for infringement against the purchaser of a patent machine for planing wood, in which there were claims for the combination between the rest of the machine and certain knives necessary to its operation. The alleged infringer had made or bought knives to replace the knives in the machine which had worn out, and which it was shown must necessarily wear out and be renewed long before the main body of the machine would wear out. *It is held that the conveyance of the machine itself, with the knives in it, implied the right on the part of the purchaser to renew or replace the knives necessary for the enjoyment and use of the whole machine during its natural life.* Thus, with respect to the paper holder, the supreme court, in effect, held that *the sale of the paper fastener with the paper in it contained the implication of a right to renew the paper* when that paper sold should be exhausted, and *did not require the purchase of the paper from the original patentee*, the paper itself not being patented. In the case at bar the purchaser expressly agreed, *by contract*, that his right to use the machine should not extend beyond its use with staple fasteners furnished by the patentee, and this makes the broad distinction between the Morgan Envelope Co. Case and the case at bar."

In *Rupp* v. *Elliott*, 131 Fed., 730 and *Tubular Co.* v. *O'Brien*, 93 Fed., 200, the *Heaton Co.* case was followed. But in *Cortelyou* v. *Johnson & Co.*, 207 U. S. 196; (s. c. 145 Fed. 933, C. C. A.) this Court left open the question whether a restriction upon the use of a patented article, made upon the sale thereof by notice affixed thereto, could be enforced in a suit upon a *patent* as distinguished from a suit upon *contract*, it not appearing that defendant had notice of the restriction. The same question was also left open by this Court in *Keeler v. Folding Bed Co.*, 157 U. S. 659, 666; *Hobbie v. Jennison*, 149 U. S. 355; *Adams v. Burke*, 17 Wall. 453;

Bement v. National Harrow Co., 186 U. S. 70; *Hartell v. Tightman*, 99 U. S., 547; and *Bobbs-Merrill Co. v. Strauss*, 210 U. S. 339.

In *Edison Elec. Light Co. v. Peninsular Co.*, 101 Fed., 831, the same court that decided the *Heaton Co.* case held, however, that the purchaser from a patentee of an electrical lighting plant is not obliged to continue to take the electrical current from the patentee. Judge Lurton, writing the opinion of the court, said (p. 837);—

> "If it was intended that so expensive an apparatus could be utilized according to the methods of the patents under which the vendor was operating only so long as the vendor should supply the current, good faith required that the vendees should be plainly so informed. It cannot be doubted but that the vendees understood they were securing a permanent wiring system, which might be used in combination with a current obtained from any source, delivered to the house wires in such manner as to utilize them to the best advantage. *It would be most unreasonable to suppose that in order to continue the use of this, the very essence of the Edison inventions, they must continue to take current from a particular source.*"

It appears from both the moving and opposing affidavits upon the contempt motion that complainants and their licensees have sold the machines and records forming the combination of the claims in suit *without any restriction whatever* as to the right of the purchaser to replace the records by records purchased from others (con. rec. aff. E. F. Leeds, pp. 36-37; L. H. Bunker, p. 62; L. Moeller, p. 67; see also moving affidavits of Middleton, p. 22, and Haddon, p. 24.)

POINT SEVEN.

Defendant's disc sound-records are unpatented articles of commerce of the prior art, which defendant could legally sell for use in the United States on mechanical feed-device machines, for export to foreign countries, concededly for repair of machines sold by complainants, and for other lawful purposes. There is no authority holding a party liable as an infringer solely because an article sold by him might be, or was, in fact, used by the purchaser as one element of a patented combination. The tendency of the later decisions is to do away with unwarrantable restrictions upon trade.

(See assignment of errors, Nos. 5, 11, 12, 17, 20, *supra*, p. 54).

It has already been shown that defendant's disc sound-records are unpatented articles of commerce of the prior art (*supra*, p. 43); that defendant's disc sound-records were originally used and have continuously been used upon mechanical feed-device machines of the prior art from the invention of the phonograph in 1877 down to the present day (*supra*, p. 46); that large quantities of defendant's disc sound-records have been sold by defendant for export and have been exported to foreign countries (*supra*, p. 54); and that defendant's disc sound-records are adapted to replace the old, broken and worn out records of the sound reproducing apparatus of the patent

in suit (*supra*, p. 28). It cannot, under any circumstances, be argued that the unpatented sound-records made and sold by defendant cannot legitimately be used at least for any one or more of the above-stated purposes.

A careful reading of the cases wherein contributory infringement has been found, will show that in each case stress had been laid upon the fact that the article made and sold by the defendant, held to be a contributory infringer, was *adapted* for use *only* in the patented combination, or upon affirmative proof of a concert of action between two infringers acting without legal right.

In *Bullock Co.* v. *Westinghouse* Co., 129 Fed. 105, 111 (C.C.A.) the judgment of the Circuit Court finding defendant in contempt of the preliminary injunction was reversed. The Circuit Court of Appeals held that if the article sold be *adapted* to other uses than use as an element of the patented combination, "*the intention to assist in infringement must be otherwise shown affirmatively*," and that;—

> "The finding that the intent and purpose in making and selling this motor was that it should be used in the patented device in Canada, is a finding against any infringing purpose. It would not be an infringement to put the motor to the use intended because that use was beyond the protection of the patent. *The defense is as complete as if the intent had been to furnish the motor to one having a license to make, sell and use.* In neither case would there be an intent to assist in an infringement, and *without such intent* the plaintiff in error was not infringing the patents or disobeying the order of the court.
>
> "What we have said applies as well to the *method patent* as to the *combination claims. There must be shown an intent to assist another in an infringing use of the patented method.* There being no intent to provide

means by which another might *unlawfully* use the Tesla method, there is no contributory infringement.

"The judgment, for these reasons, must be reversed, with directions to discharge the rule to show cause."

From the decision in the *Bullock* case, it is clear that defendant has *the legal right to sell its sound-records for export to foreign countries for use in the foreign countries upon sound reproducing machines of all kinds.* Such right, says the court, is as complete as *the right to sell to one who has a license to use.* The purchaser of the patented combination from complainants unquestionably has the right unconditionally to *use* the patented combination and to replace the record thereof in order to continue the use of the combination.

In *Cortelyou* v. *Johnson & Co.*, 145 Fed. 933 (C.C.A.), the Circuit Court of Appeals, refusing to enforce a restriction under which a patented article was sold by the patentee, held that unwarrantable restrictions upon trade should not be created or upheld, and explained the doctrine of contributory infringement as follows (pp. 934-935):

"The doctrine originated in a desire to secure to a patentee complete protection in all the rights granted him by the patent, but it was confined to those rights; it went no farther. One who sold an element of a patented combination, *which could not be used except in an infringing combination or device*, was not permitted to reap the benefits of such sale. He did not himself directly infringe, but he promoted the infringement of others by putting in their hands a device *which could only be used in violation of the patent.* When confined to articles, whether covered by the patent or not, which are made for the express purpose of inducing infringement and are not

> intended *for any legitimate use,* the doctrine of contributory infringement is logical, just and salutary."

When the *Cortelyou* case came before this Court (207 U. S. 196), the right to enforce the restriction in a patent suit was left open, since it did not appear that the defendant had notice of the restriction.

The holding in the *Cortelyou* case, that unwarrantable restrictions and intolerable burdens should not be put upon trade, is in line with Judge Wallace's opinion in *Thomson-Houston El. Co. v. Kelsey Co.,* 75 Fed. 1005 (*supra,* p. 81), and of the Supreme Court in the *Morgan Envelope Co.* case (*supra,* p. 75).

In *Snyder* v. *Bunnell,* 29 Fed. 47, 48, Judge Coxe reviewed the authorities upon the question of contributory infringement and said;—

> "In each of these cases the complainant succeeded because the article dealt in by the defendant *was only useful when combined as provided by the patent* in question, and was sold by him intending that it should be put to this unlawful use. A careful examination has failed to discover an authority holding a party liable as an infringer solely because an article sold by him *might be used by the purchaser as one element of a patent combination.* Such a doctrine would be too dangerous to be upheld."

In the case at bar the learned Circuit Judge held defendant in contempt for selling the unpatented records of the prior art which were capable of use, and had continuously been used, upon mechanical feed-device machines; and, *though conceding that the records were frequently purchased as substitutes for worn out discs,* he ignored this fact and held that such substitution was not a repair because the records were bought

more frequently in order to increase the repertory of tunes.

There was no proof whatever, as shown in a following point (p. 133), *of the purpose for which defendant's records were bought by the purchasers and sold by defendant and there was, therefore, no basis of fact upon which to hold defendant in contempt even under the interpretation of the law stated by the learned Circuit Judge in his opinion.*

The decision of Judge Coxe in the *Snyder* case is well settled law. In *Thomson-Houston Co.* v. *Ohio Co.*, 80 Fed. 712 (C.C.A.), which complainants' counsel largely quoted in the courts below, omitting those parts, however, which support defendant's contention, the Circuit Court of Appeals said (p. 723);—

> "Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, *been adapted to other uses than in the patented combination.* In the latter case the intention to assist in infringement must be otherwise affirmatively shown, and *cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used.*"

In *Standard Co.* v. *Computing Co.*, 126 Fed., 639 (C.C.A.), the same court said (p. 653);—

> "Testimony was introduced by the appellant which it claims is to the effect that it does not make any adjustment itself, but makes and sells its scales with provision for such adjustment as the purchaser sees fit to make, and we are not referred to any evidence conflicting with this. Of course, if it made or sold scales having peculiar provision for the intended incorporation therein of a valid patented device of the appellee, it would be liable as a contributory, if the expected incorporation should thereafter be made by an-

other. *But if it makes or sells scales having simply adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee.*"

Again in *Canda* v. *Michigan Co.*, 124 Fed. 486 (C.C.A.) the same court said (p. 489);—

> "The case is not like one where the thing made is also *adapted* to use in other ways. It would be wholly inadmissible to shut out the manufacture or sale of those things adapted to a proper and lawful use. That would interfere with the rights and privileges of the public."

Of course, these cases recognize the rule that where two persons knowingly co-operate to infringe a patented combination, they are guilty of contributory infringement, but it is clear from the decisions quoted that any one has a right to manufacture, sell and use an unpatented article, and *the mere fact that that article may be used or is, in fact, used in the patented combination*, is not sufficient ground upon which to hold the vendor guilty of contributory infringement. This would interfere with the rights and privileges of the public. Even in the patented combination the use may be a lawful use, since a purchaser of the patented combination may, without infringement, exercise his rights in regard thereto.

POINT EIGHT.

Complainants and their licensees, by selling the sound reproducing apparatus of claim 35 of the patent in suit, impliedly licensed the purchaser thereof to combine a suitable record therewith, in every case where the apparatus was sold without a sound-record combined therewith, and for that purpose to purchase such a record from persons other than complainants or their licensees.

This proposition is raised by assignment of error No. 22 (*supra*, p. 54), which reads as follows;—

> "22. In not holding that complainants and their licensees, by the selling of the elements, other than the record, of claim 35 of the patent in suit, impliedly licensed the purchaser thereof to combine a suitable record with such purchased elements, and for that purpose to purchase such a record from persons other than complainants or their licensees."

It is to be observed that it is not necessary for defendant to establish this proposition in order to secure a reversal of the judgment or decree finding defendant in contempt; because the finding of the Circuit Court was that defendant had violated the injunction *solely* by selling records for use on machines which complainants and their licensees had sold *combined with records*. It is clear, however, that if the above proposition be correct, and under the authorities hereafter cited it is submitted that it is correct, the judgment or decree finding defendant in contempt must be reversed.

In *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S., 425, 432, (considered *supra* under Point One, p. 75), this Court said;—

> "The real question in this case is, whether, *conceding the combination of the oval roll with the fixtures to be a valid combination*, the sale of *one element* of such combination, with the *intent* that it shall be used with the *other element*, is an infringement. *We are of the opinion that it is not.*"

The cases involving contributory infringement, this Court, continuing, said (p. 432);—

> "have no application to one where the element made by the alleged infringer is an article of manufacture, perishable in its nature, which it is the object of the mechanism to deliver, and *which must be renewed periodically, whenever the device is put to use.*"

If a log were an element of a patentable mechanism for sawing such log, the purchaser of the sawing-device would not, said this Court, be obliged to buy his logs from the patentee. So in the case at bar, since the sound record is a temporary element of the combination which must frequently be renewed at short intervals, whenever the sound reproducing apparatus is put into use, *the object of the apparatus being to deliver the sound from the sound record*, the purchaser of the sound reproducing apparatus from the patentee is, for the same reason, under no obligation to purchase his sound-records from the patentee.

The sound-reproducing apparatus operates upon the record, as Judge Wallace remarked (con. rec. p. 94), just as the saw operates upon the log. *In each case, when the operation of the machine is finished, the thing operated on, the record or the log, must be replaced.*

Of course, *if the sound-record itself were the sub-*

ject of a valid patent, it would to use the words of this Court,

> "be an infringement of that patent to purchase such product of another than the patentee; *but if the product* (here the sound-record) *be unpatentable, it is giving to the patentee of the machine the benefit of a patent upon the product, by requiring such product to be bought of him.*"

Judge Wallace, when deciding the Morgan Envelope Co. case in the Circuit Court, also said, as shown *supra* at p. 71;—

> "The sale of the paper to those who have a lawful *right to use the fixture*, and to use both the fixture and paper together, is not an invasion of the rights of the complainant."

This interpretation of the decision of the Supreme Court in the *Morgan Envelope Company* case is one which has been given by the courts.

In *Heaton Co.* v. *Eureka Co.*, 77 Fed., 288, 300 (C.C.A.) the court, referring to the Morgan Envelope Company case, said;—

> "The sale of the machine involved and *implied the right of use of the material with which it was to be combined*; and this is shown by the case of *Wilson* v. *Simpson*, 9 How. 109, which is cited by Mr. Justice Brown as a case sustaining his conclusion. * * * It is held that the conveyance of the machine itself, with the knives in it, *implied the right on the part of the purchaser to renew or replace the knives necessary for the enjoyment and use of the whole machine during its natural life.*"

In *Edison El. Co.* v. *Peninsular Co.*, 101 Fed. 831, 836, (C.C.A.), the same court said;—

> "To restrict the right of a purchaser of an apparatus embodying a patented invention to

use it for the purposes for which it is peculiarly adapted, there must appear some express or implied *agreement* by which the mode or time or place of use has been limited; and this was the principle upon which the Button-Fastener Case, cited above was decided. But there may be circumstances under which the sale by a patentee of one patented article will carry with it the right to use another in co-operation with the first, although the thing be covered by a second patent. *Thus, if the article sold be of such peculiar construction as that it is of no practical use unless it be used in combination with some subordinate part covered by another patent of the vendor, the right to use the latter in co-operation with the former might be implied from circumstances.* It is a general principal of law that a grant necessarily carries with it that without which the thing granted cannot be enjoyed."

In *Thomson-Houston Co.* v. *Illinois Co.*, 152 Fed. 631, C.C.A. (S. C. 143 Fed., 534, 539, C.C.), it was held, following *Edison El. Co.* v. *Peninsular Co.*, *supra*, as stated in head note 1;—

"The sale of electric engines, which could only be used by the purchaser in connection with a trolley switch or device *covered by a patent owned by the seller*, without any restriction in the contract, carried with it an *implied license* to use such device, not only with the engines so sold, but as well with others bought from other makers, and the seller cannot claim such use to be an infringement; nor is it material that it usually restricted the right to use in connection with its own engines or cars, where no notice of such custom was given to the purchaser."

In *Roosevelt* v. *Western El. Co.*, 20 Fed. 724, Judge Wallace said;—

"Where the article is of such peculiar characteristics that it cannot be dealt in as a trade

> commodity, and cannot be used practically at all, unless *as a part of another patented article of the vendors, it would be preposterous to suppose that the parties did not contemplate its use in that way.* It would be against good conscience to allow an injunction to a vendor under such circumstances. *He would be estopped from asserting a right which the purchaser must have understood him to waive.*"

How much stronger is the case with the *unpatented* sound record.

Of course, the rule *here* contended for, under the *Morgan Envelope Company* case, applies only to the rights of the purchaser to combine with the parts of the combination purchased from the patentee, *an unpatented temporary element of the combination necessary for the use and enjoyment of the parts purchased.* It would not apply in a case where the purchaser had purchased from the patentee only the unpatented, temporary element of the combination. The implication arising from the purchase of the *temporary* element would clearly be, as in the *Amet* and *Leeds* cases considered *supra* pp. 105, 108, that the temporary element was to be used as a substitute for the same element in the patented combination in order to restore or otherwise continue the combination in use. From the purchase of a *temporary* element, no implied right could be derived to construct the *permanent* elements constituting the durable parts of the combination. When, however, *a durable machine*, constituting the permanent part of a patented combination, is sold by the patentee, *the purchaser necessarily acquires the right of combining with the purchased durable machine any element, such as a temporary element, which must frequently be renewed, necessary for the use and enjoyment of the machine.*

POINT NINE.

The finding of the Circuit Court places an intolerable burden upon defendant's conceded right to make and sell the unpatented sound-records of the prior art.

(See assignment of errors, Nos. 11, 17, *supra*, p. 54).

Upon this point the attention of the Court is respectfully called to the forcible opinion of Judge Wallace in *Thomson-Houston Co. v. Kelsey Co.*, 75 Fed. 1005; also to the opinion of this Court in *Cortelyou v. Johnson*, 207 U. S. 196, and other cases cited *supra*, pp. 112-113.

The learned Circuit Judge, in his opinion (con. rec. p. 74), says;—

> "No effort to restrict the use to which defendant's discs should be put by notice on their face or otherwise was made until after motion, and the affidavits are not as satisfying as they might be that such notice has since been affixed; and such notice might fairly go further and advise the purchasers that to use it on one of complainant's machines would make the user an infringer."

Since the Circuit Court found defendant in contempt for a violation of the preliminary injunction, defendant has sold its sound-records subject to the following restriction set forth upon a label affixed to each record;—

> "This record is sold for use on all mechanical feed-device machines and upon all licensed Victor, Columbia and Zonophone machines and all other machines licensed under U. S. patent No. 534,543 in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the condi-

tions under which it is sold and an infringement."

The order partially staying the preliminary injunction, pending the review by this Court, permits defendant to sell "disc sound-records for use in the United States *upon machines sold by complainants and their licensees, together with disc sound-records*" (con. rec. p. 77).

Clearly defendant's right to sell its disc sound-records subject to the restrictions set forth on the label above quoted is beyond question; and the defendant's right is broader than the restriction set forth on the label. The right granted by the stay is also broader than the restriction set forth on the label; and defendant's right is broader than the right granted by the stay.

But *why*, it may be asked, should the learned Circuit Judge have held that defendant, in selling the *unpatented* sound-record of the prior art, was under *any* obligation to sell its sound-records subject to a *restriction* set forth upon a label affixed thereto? How *is* it that complainants, through the invention of an improved machine for use in reproducing sound from the records of the *prior* art, has acquired the right to compel all makers and sellers of records to affix labels to the records sold, restricting the right of use of the records?

While it may be that a patentee may sell his patented article subject to a valid restriction as to the use thereof, and that a *purchaser*, who by contract with the patentee, agrees to observe the restriction and acquires the right to the patented article subject to the restriction, must use the purchased patented article only in accordance with the restriction under which he purchased it; it is an entirely different matter, constituting an intolerable burden on legitimate business, to hold that *one not in privity with the pat-*

entee, the maker and seller of *an unpatented article of the prior art*, adapted for a legitimate use, for many legitimate uses, or for any legitimate use other than a use in the patented combination, though even that use may be lawful, shall be obliged to deal in the article *at his peril*, merely because a patent has been issued for an *improved* apparatus *designed for use in connection with the unpatented article of the prior art*. Everybody has a right to make, to use and to sell a disc sound-record. Everybody has a right to purchase such a disc sound-record. Everybody has a right to *construct* or *to purchase a feed-device machine* or any machine other than the machine of the patent in suit, for use in connection with the disc sound-record. Why, then, is defendant not at liberty freely to sell its disc sound-records on the open market, without restriction and without inquiry as to the intended use thereof?

The remarks of this Court in *Cortelyou* v. *Johnson & Co.*, 207 U. S., 196 (S. C. 145 Fed. 933), clearly indicate that the intolerable burdens and unwarrantable restrictions which are fettering commerce in unpatented articles will no longer be sanctioned or enforced by the courts. *Privity with a wrong-doer is not to be inferred from the exercise of a legal right.* The manufacture and sale of many articles is legal and does not become illegal because certain *uses* thereof are prohibited by law. To hold the seller of a knife guilty, because the purchaser commits an unlawful and prohibited act therewith, would be an absurdity (cf. 75 Fed., 1011, per Wallace, C. J.). For the same reason there is no legal principle which prohibits defendant from making the unpatented sound-record of the prior art and selling it on the open market without restriction and without inquiry as to the use which the purchaser intends to make of the purchased record.

In *Welsbach Light Co. v. Union Incandescent Light Co.*, 101 Fed. 131 (C. C. A.), the court affirmed the principle here contended for. That case involved a patent for a *process*. Infringers of the process sold the *product* to the defendant and the learned Circuit Judge (Judge Lacombe) enjoined the defendant (see record on appeal, p. 71),

> (a) from the sale or use of the purchased product, except such as shall be *shown* to have been made by others *before* the entry of the order; and
>
> (b) from the sale or use of the product of the process, except as stated under (a), unless *shown* to have been made in a foreign country.

Judges Wallace and Shipman, in a *per curiam* opinion, held this to be error and said;

> "That part of the order appealed from restraining the defendant, during the pendency of the action, from selling any incandescent mantels, 'except such as shall be *shown* to have been coated by others,' can only be justified upon the theory that the patent for infringing which the suit was brought was a patent for a product or manufacture, and not one for a process. If it was a patent for a process, it would not be infringed by selling the product, and *no conditions should have been annexed to the exercise of the vendor's rights.* The broad proposition that the vendor of a product which has been made *in infringement* of a patented process is *an infringer, or liable to any extent to the patentee, is untenable* and does not require discussion. The patentee's remedy is against the manufacturer. *Merrill v. Yeomans*, 94 U. S. 568."

POINT TEN.

The question raised in the Circuit Court upon the motion to punish defendant for contempt was an entirely new question. The act for which defendant was held to be in contempt was not included in the preliminary injunction or the decree therefor. Under such circumstances the motion should have been denied and complainants left to raise the question by appropriate proceedings other than a motion to punish for contempt.

(See assignment of errors, Nos. 2, 9, 10, 27, 28, 29, *supra*, p. 54).

The questions raised in the prior suit and upon the motion for injunction in this suit have been fully stated (*supra*, p. 10). The injunction has also been set forth (*supra*, p. 9). Defendant was enjoined from *manufacturing*, *selling* and *using*, or in any way *disposing* of the *apparatus* or *devices* specified in claims 5 and 35 of the patent in suit, and from *using* or *employing* in any way the *method* specified in claim 5. This clearly meant that defendant was enjoined from making, selling and using the *combination* specified in claim 35. There was no provision enjoining defendant *broadly* from infringing claims 5 and 35. The decree was *specific*, enjoining the making, selling and using of the combination held to be an infringement. *Defendant was not enjoined from selling sound records; nor was defendant enjoined from selling sound-records with the intent that the same should be used "in machines (other than 'mechanical feed'*

machines) sold by complainants or their licensees combined with such records, for use in carrying out the method of claim 5." In the prior suit and in this suit, on the motion for injunction, the proof of sole infringement was that the defendant had sold and used a machine, combined with a record, neither of which had been made or sold by complainants, or their licensees. Such was the infringement charged and found by the courts and such was the infringing act enjoined. Neither in the prior suit, nor on the motion for injunction in this suit, was it charged or found that defendant infringed by selling sound records for use in machines sold by complainants or their licensees combined with records, *nor was any evidence whatever introduced to show that the sound-record was or was not a temporary element of the combination of the patent in suit, or to show that the sound-reproducing apparatus of the patent in suit was or was not constructed or sold with the intention that the record should frequently be replaced*, or to show any of the other matters material for the determination of the question raised for the first time upon the motion to punish for contempt. As will be seen from the following cases, a motion for attachment for contempt is not adapted to the trial of a new question, and the law is well settled, that all such motions, depending upon the trial of a new question, should be denied.

In *Enterprise Co. v. Sargent*, 48 Fed., 453, 454, Judge Shipman said;—

> "Notwithstanding the character of the plaintiff's suggestions, it is true that this is a motion for contempt for violation of an injunction order, and that the former opinions of the court were not directed to the structure as now modified, and that, to a certain extent, a new question has arisen which requires the court to re-examine the self imposed limita-

tions of the patent. *A motion for attachment for contempt is not adapted to the trial of a question of this kind.* I am therefore of opinion that the motion should be denied, but without prejudice to the plaintiff's right to file a supplemental bill in the original suit, which is still pending, or to file an original bill, as it may be advised. *Allis* v. *Stowell*, 15 Fed. Rep. 242; 3 Rob. Pat. 649."

The courts have upheld the principle above stated in such a variety of cases that a citation of a few only of them is all that is necessary;—*Bate* v. *Eastman*, 11 Fed., 902, (Blatchford, C. J.); *Allis* v. *Stowell*, 15 Fed., 242, 244, (Dyer, J.); *Temple Pump Co.* v. *Goss Co.*, 31 Fed., 292, (Blodgett, J.); *Truax* v. *Detweiller*, 46 Fed., 117, (Lacombe, C. J.); *Bonsack Mach. Co.* v. *National Co.*, 64 Fed., 858, (Lacombe, C. J.); *United States Co.* v. *Spalding*, 93 Fed., 822, (Wheeler, D. J.).

It should be observed, moreover, that in cases where contributory infringement has been found, the decrees of the courts have invariably been so framed as to show explicitly what the defendant was enjoined from doing and was permitted to do. An example of this is *Thomson-Houston Co. v. Kelsey Co.*, 75 Fed. 1005 (C.C.A.), cited and quoted *supra* under Point Two (p. 80), where Judge Townsend, having found contributory infringement of the combination claims of the patent, specifically enjoined the making or selling of the articles which contributed to the infringement of the combination claims of the patent, to wit, "*trolley bases devised or intended to be used in infringement*" (p. 1007). Thus the defendants were informed of the fact that they were enjoined and of what they were enjoined from doing and accordingly appealed to the Circuit Court of Appeals, with definite and specific assignments of error. *The Circuit Court of Appeals held the in-*

junction to be too broad and specifically modified the order so as to state explicitly that defendants were not enjoined *"against the sale of trolley stands by way of replacement of broken stands, or stands worn by use, or substitution for trolley stands previously sold by complainant to purchasers from it"* (p. 1010).

In the case at bar, defendant appealed from the decree for injunction herein, and that decree is now before this Court for review in Case No. 80, but obviously defendant did not, and could not on the said appeal, by any possibility whatever, make an assignment of error to the effect that the Circuit Court had erred in enjoining defendant from selling sound records for use on *machines sold by complainants or their licensees combined with records.* No such provision was contained in the decree.

It requires no citation of authority to show that an injunction must be clear and explicit. The defendant should know what it is he is enjoined from doing. "To sustain proceedings for contempt the order should be clear and certain in its terms" (Brown J., in *In re Cary*, 10 Fed. 622, 626 and cases cited). In the case at bar the act for which defendant has been held to be in contempt was a perfectly legal act and in no sense an infringement of the patent and was not, moreover, an act included, either expressly or by implication, in the injunction or decree therefor. For the reasons stated, and for each of them, the learned Circuit Judge erred in holding defendant in contempt.

POINT ELEVEN.

Complainants presented no proof whatever that the sound-records sold by defendant were in a single instance used or intended to be used in any infringement of the claims in suit; no proof whatever that the sound-records sold by defendant were used for the reproduction of sound on any machine of any construction. The mere making and selling of an unpatented article is not an infringement of a claim for a combination of which that article is an element.

(See assignment of errors, Nos. 4, 5, 6, 11, 12, 14, 17, 19, 27, 28, 29, *supra*, p. 54).

There being no substantial evidence to sustain the judgment for contempt, this Court can look into the evidence to ascertain that fact (*Cortelyou v. Johnson*, 207 U. S., 196; *Turnbull v. Ross*, 141 Fed. 649; *Swenson v. Cunningham*, 157 Fed. 753, 754).

The moving papers are entirely silent upon the question of any use whatever of the sound records purchased from defendant. In fact it would appear that they have never been used, since they were merely purchased and offered in evidence. They *could*, concededly, have been used in several ways without infringement. *Hence it was error to find that defendant had violated the injunction without affirmative proof that the purchasers of defendant's records intended to use them in infringement of the patent and that defendant at least had*

knowledge of such intention (*Shickle Co. v. St. Louis Co.*, 77 Fed. 739, 743). *Concededly, for example, if the purchasers intended to use the records to replace, in the combination purchased from complainants, records that were broken or worn out by use, there was no infringement. The evidence did not show that the purchasers did not intend to make such use of the records.*

In *Standard Co.* v. *Computing Co.*, 126 Fed., 639 (C. C. A.), the court said (p. 653):

> "Of course, if it made or sold scales having peculiar provision for the intended incorporation therein of a valid patented device of the appellee, it would be liable as a contributory, *if the expected incorporation should thereafter be made by another.* But if it makes or sells scales having simply adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee."

Referring to the moving affidavits, it appears from the affidavit of Luck (p. 10) that defendant continued to sell sound-records; of Hemenover (p. 12) that defendant continued to sell sound-records; of Platz (p. 13), a dealer in complainants' machines and records exclusively, that defendant continued to sell sound-records; of Bennett (p. 16) that defendant continued to sell sound-records and that *Bennett possessed one of complainants' machines;* and of Thompson (p. 18) that defendant continued to sell sound-records and that Thompson inquired whether defendant's records could be used "*on a talking machine of the manufacture of the Victor Talking Machine Company.*"

Waiving for the present the facts that both Bennett and Thompson were informed as to defendant's mechanical feed-device machine (aff.

Bunker, p. 60), and that Bennett and Thompson have not correctly or fully stated the conversations which they had with Mr. Bunker who was not an employe of defendant (aff. Bunker, p. 60; p. 62), and that Mr. Bunker did not possess a Victor machine (p. 60), it appears from the two affidavits of Bennett (pp. 16, 19) and the affidavit of Thompson (p. 18) that *neither of them indicated to Mr. Bunker what sort of machine they had in mind when they asked whether defendant's sound-record could be used "on a talking machine of the manufacture of the Victor Talking Machine Company"* (p. 18; p. 19), and were informed by Mr. Bunker, not an employe of defendant, "that defendant's records could be played upon such mechanical feed device machine and other suitable machines" (p. 60; p. 61).

Moreover, there is *no suggestion* in the affidavits or proofs throughout the record, that defendant's records were *sold or purchased for the purpose of increasing the repertory of tunes* of the purchaser *rather than as substitutes for worn out discs; nor does the judgment or decree holding defendant in contempt make any such finding.* The judgment is that defendant violated the injunction in that it sold records for use "in machines (other than 'mechanical feed' machines) sold by complainants or their licensees *combined with such records*" (p. 75). Upon such evidence and such finding the learned Circuit Judge found defendant in contempt.

This was clear error.

POINT TWELVE.

The record in the contempt proceedings includes the record in the injunction proceedings. The patent in suit having expired before the suit was begun, the Circuit Court was without jurisdiction to entertain the suit. The claims in suit, moreover, are void. Hence the judgment finding defendant in contempt (a) was void, because beyond the jurisdiction of the Court, and (b) should be set aside, because, the claims being void, the injunction was improperly granted.

Under Point Fourteen (p. 249) of petitioner's brief on the injunction branch of this suit, No. 80, *Root* v. *Railway Co.*, 105 U. S. 189 and other cases are cited showing that the Circuit Court had no jurisdiction to entertain this suit in Equity since the patent had expired before the suit was begun. In the other points of said brief, it is shown that claims 5 and 35 of the patent in suit are void for the reasons there stated. Hence the judgment finding defendant in contempt was void because beyond the jurisdiction of the court and the claims in suit being void, the judgment finding defendant in contempt should be set aside. One-half of the fine imposed is by the judgment to be paid to complainants and the other half is to be paid to the United States (con. rec., p. 75). Defendant is, therefore, entitled to a review of the judgment by writ of error (*Matter of Christensen Engineering Co.*, 194 U. S. 458; *Bullock Co.* v. *Westinghouse Co.*, 129 Fed. 105).

Upon the point that the judgment for contempt should be set aside upon reversal of the decree for injunction, the following cases, though decided before the act of March 3, 1891 establishing the Circuit Courts of Appeals, may be referred to (*ex parte Fisk*, 113 U. S., 713; *Worden* v. *Searles*, 121 U. S., 14; *In re Sawyer*, 124 U. S., 200; *In re Ayers*, 123 U. S., 443). Under the act of March 3, 1891, this Court has jurisdiction by the granted writ of *certiorari*, to review the entire proceeding.

CONCLUSION.

The order affirming the judgment or decree finding defendant in contempt should be reversed with costs and the cause remanded to the Circuit Court, with directions to discharge the rule to show cause.

Respectfully submitted,

LOUIS HICKS,
Counsel for petitioner.

No. [redacted]

October Term, [redacted]

IN THE

United States Supreme Court

LEEDS & CATLIN COMPANY,

Petitioner-Defendant,

v.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY,

Respondents-Complainants.

Brief on Behalf of Respondents-Complainants

CONTEMPT PROCEEDINGS.

MORACE STERN,

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[redacted] of Court Print, [redacted]

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FOREWORD.

Since this brief was prepared and about to be filed, complainant's counsel has received a copy of the Petitioner-Defendant's brief, forwarded him by the Clerk of the Court, and it is noted that the order of the presentation of the Points of Argument observed and followed in its petition for *certiorari*, which was followed by complainants in the preparation of this brief, has not been followed in the same numerical order in the brief now filed by defendant, though the points raised are substantially the same, consequently some correction in red ink of the Points has become necessary.

Re Defendant's Point One:

This point is considered in complainant's brief under Point One, Pages 81 to 114.

Re Defendant's Point Two:

This point is considered in complainant's brief at Pages 114 to 120.

Re Defendant's Point Three:

This point is considered in complainant's brief in the Appendix following Page 162.

Re Defendant's Point Four:

This point is considered in complainant's brief under Point Two, Pages 114 to 120, and on Pages 148 to 162.

Re Defendant's Point Five:

This point is considered in complainant's brief at Pages 120 to 128.

Re Defendant's Point Six:

This point is considered in complainant's brief at Page 128.

Re Defendant's Point Seven:

This point is considered in complainant's brief at Pages 129 to 130.

Re Defendant's Point Eight:

This point is considered in complainant's brief at Pages 130 to 143.

Re Defendant's Point Nine:

This point is considered in complainant's brief at Pages 143 to 145.

Re Defendant's Point Ten:

This point is considered in complainant's brief at Pages 146 to 162.

Re Defendant's Point Eleven:

This point is considered in complainant's brief under "Re Intent to Infringe", Pages 99 to 114, and Pages 13 to 17.

IN THE

Supreme Court of the United States.

October Term, 1908. No. 81.

LEEDS & CATLIN COMPANY,
Petitioner-Defendant.

v.

VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY,
Respondents-Complainants.

BRIEF ON BEHALF OF RESPONDENTS-COMPLAINANTS.

CONTEMPT PROCEEDINGS.

STATEMENT OF THE CASE.

This case comes before this Honorable Court upon writ of *certiorari* (Contempt Rec., p. 97), granted May 28, 1907, upon petition of the petitioner-defendant, filed May 13, 1907, the said writ of *certiorari* being directed to the United States Circuit Court of Appeals, for the Second Circuit, which court by decree filed May 8, 1907 (Contempt Rec., p. 96, fol. 149), affirmed the decree of the United States Circuit Court, for the Southern District of New York, of January 11, 1907 (Contempt Rec., p. 75), holding the defendant in con-

tempt, and imposing a fine of $1000.00, one-half to be paid to the United States, and one-half to the complainants. The contempt for which the defendant was held consisted in the disobedience of a writ of preliminary injunction (Contempt Rec., p. 9), issued in accordance with the prayer of the bill of complaint, in a suit to restrain infringement of Letters Patent, No. 534,543, as to claims 5 and 35, issued to Emile Berliner, February 19, 1895, for Improvements in Gramophone. This preliminary injunction, as will be pointed out later, was issued by the United States Circuit Court, for the Southern District of New York, after affirmance by the United States Circuit Court of Appeals, for the Second Circuit.

The record and proceedings in the Circuit Court of Appeals, for the Second Circuit, and the Circuit Court, in the injunction proceedings in this suit against this defendant to restrain infringement of the said Letters Patent, 534,543, has also been brought to this Honorable Court by writ of *certiorari,* and is now pending, being No. 80, October Term, 1908. As it will be necessary in this brief to refer to the record and proceedings in said Injunction Case, and as the record therein by stipulation (Contempt Rec., p. 99), has been made a part of this Contempt Record, reference will be made to the said transcript of record in the injunction proceedings by referring thereto as the "Injunction Record," while the transcript of record in this Contempt Case has been and will be referred to as the "Contempt Record."

Before proceeding further with the statement of the case, it will be here noted that there were two similar suits, in equity, brought at about the same time for infringement of said patent, one against the Leeds and Catlin Company, the petitioner-defendant herein, and the other against the Talk-O-Phone Company, a

corporation organized and existing under the laws of the State of Ohio, and having an office in New York City, N. Y., both of which suits were prosecuted together, substantially the same testimony being in each case, each of the defendants being represented by the same counsel, and both cases heard together on the motion for preliminary injunction, in the United States Circuit Court, for the Southern District of New York, and on appeal in the United States Circuit Court, for the Second Circuit. As shown by the Injunction Record, each of the said defendants, the Leeds and Catlin Company and the Talk-O-Phone Company, sold talking machines and sound records similar to the complainants' patented talking machines and sound records, and for the purposes of the motions for preliminary injunction this fact was not denied by the defendant's counsel in each case.

The Talk-O-Phone Company, the defendant in the other, or sister suit, was principally a manufacturer of talking machines, and the Leeds & Catlin Company, the petitioner-defendant, was principally a manufacturer of sound records to be used in connection with said machines, though as above stated, this petitioner-defendant sold said machines as well. While the affidavit of E. F. Leeds (Inj. Rec., p. 312) denies that any business connection existed between the Leeds & Catlin Company and the Talk-O-Phone Company at the date of his affidavit, April 13, 1906, yet it is apparent from his affidavit that a short time prior to the suit brought, the Leeds & Catlin Company sold records to the Talk-O-Phone Company for its reproducing apparatus or machines, and also that the Leeds & Catlin Company purchased some Talk-O-Phone reproducers or machines from it. Mr. Leeds also admits (Inj. Rec., p. 313, fol. 938) that he was elected

president of the Talk-O-Phone Company, but shortly after, resigned. The affidavits of Alfred L. Irish (Inj. Rec., pp. 309-311, and pp. 283-289) while denying any then present connection between the Talk-O-Phone Company and the Leeds & Catlin Company at the date of the affidavit, shows that there were business relations between the two companies relative to the manufacture and sale of the infringing machines and records, respectively. It will also be noted that all these affidavits in the Injunction Record against Leeds & Catlin Company are entitled as well in both cases.

These facts were set forth in the affidavit of R. L. Thomae, on behalf of the complainants in the Talk-O-Phone case, but as that case was not brought here by *certiorari,* Mr. Thomae's affidavit is not before this Court in the injunction proceedings.

These explanations are necessary in order that this Honorable Court may understand why the affidavits in the injunction record are entitled in both cases, and why the Talk-O-Phone Company is so conspicuously and frequently referred to in the said affidavits. The Talk-O-Phone Company, however, did not file any petition for *certiorari* to this Court, notwithstanding the injunction decree against the Leeds & Catlin Company was entered against it at the same time as against the Leeds & Catlin Company, the Talk-O-Phone Company being apparently satisfied that the decree of the Circuit Court of Appeals could not be reversed in said injunction proceedings.

Further, since the writ of *certiorari* has been granted in the injunction proceedings and in this contempt proceedings, a final decree by consent was entered by the U. S. Circuit Court, for the Southern District of New York, against the said Talk-O-Phone Company, May 4, 1908, and writ of perpetual injunction issued upon the said consent decree on May 6, 1908.

The Leeds & Catlin Company, however, continued to prosecute their appeal in the injunction proceedings, having the affidavits entitled in both cases incorporated in the transcript of record in said injunction proceedings.

The petitioner defendant-appellant will be hereinafter referred to as the defendant and the complainants-respondents will be hereinafter referred to as the complainants.

As complainants' counsel has had no opportunity to examine defendant's brief to be filed in this Honorable Court, and has not seen the same, it being necessary to prepare this brief before any opportunity to see the same can be had, no reference herein can be made by pages to defendant's brief in this Honorable Court. As it is assumed, however, that substantially the points of defense raised by the defendant in its petition for *certiorari* will be followed, and also substantially the same points of defense as presented in the court below, we will herein refer, from time to time, to the defendant's points, defenses and statements as contained in the said petition for *certiorari*, and as contained in defendant's brief in the court below, a copy of which is attached to defendant's petition for *certiorari*, it being understood that this Honorable Court, in consideration of these matters, will have before it, not only defendant's brief on appeal prepared specially for this Court, but also the said petition for *certiorari* with defendant's brief in the court below attached thereto.

Therefore, in the following brief, it is proposed to take up first, the Points in defendant's brief in the court below (a copy of which is attached to the petition for *certiorari*) point by point, as made by the defendant, Point One, beginning on page 81; then, after discussing each of the ten Points discussed in

defendant's said brief, the points as set forth in the petition for the writ of *certiorari* will then be discussed, and with particular reference to the opinion of the United States Circuit Court of Appeals, affirming the opinion of Judge Lacombe, holding the defendant in contempt, and the dissenting opinion of Judge Wallace.

An index of subjects treated in this brief has been carefully prepared so that this Honorable Court may readily find any particular subject treated, especially in view of the somewhat extended length of the brief rendered necessary in order to meet the numerous subjects and alleged defenses which the defendant has heretofore presented in the courts below, and others which it is assumed the defendant may treat of in its brief and attempt to have this Court consider, many of which, as hereinafter pointed out, should not be properly before this Court for the reasons hereinafter pointed out. It has been deemed, however, expedient, so that the complainants' position may be fully presented before this Court on all points, to treat herein all possible points which the defendant might attempt to raise in its untiring effort to try to defeat the claims of the patent in suit, in order to allow it, and others, who are watching the outcome of this decision, to continue the manufacture and sale of complainants' patented talking machines and records.

BRIEF HISTORY OF PRESENT LITIGATION.

The defendant was sued in equity for infringement of Letters Patent, No. 534,543, issued February 19, 1895, to Emile Berliner, for the Gramophone, the charge being infringement of claims 5 and 35.

Motion for preliminary injunction was made, and granted by Judge Townsend (146 Fed. Rep. 534; Inj.

Rec., p. 318). The patent, as to claims 5 and 35, had been previously sustained, in an opinion by Judge Hazel, in the suit of these complainants against the American Graphophone Company, (140 Fed. Rep., 860; Inj. Rec., p. 63), enjoining the manufacture and sale, and use of identically the same records and reproducing apparatus as the defendant's in the present suit. The decision of the Circuit Court, by Judge Hazel, was, on appeal, affirmed in the Graphophone case, in a *per Curiam,* (145 Fed. Rep. 350; Inj. Rec., p. 73), the Court of Appeals, however, disposing of the question of alleged prior public use, on somewhat different grounds from that adopted by Judge Hazel.

Upon appeal in the present cause against the Leeds & Catlin Company from the decree of Judge Townsend, granting the preliminary injunction, the U. S. Court of Appeals for the Second Circuit affirmed the decree of Judge Townsend granting the preliminary injunction from the bench at the conclusion of the argument, in an oral opinion by Judge Wallace, not reported, but printed on pages 41 to 46 of Defendant's Petition for *certiorari.* The order, affirming the Court below, is noted in 148 Fed. Rep., 1022.

The following is a copy of the writ of Preliminary injunction, entered in accordance with the decree of October 27, 1906, which was duly served on the defendant October 29, 1906, (Contempt Rec., p. 9), which reads:

"THE PRESIDENT OF THE UNITED STATES

To Leeds & Catlin Company, Its Directors, Associates, Officers, Attorneys, Solicitors, Clerks, Servants, Agents, Workmen and Employees, Greeting:

Whereas, it has been represented to us in our Circuit Court of the United States for the Second Circuit and Southern District of New York, that Letters Patent of the United States were issued upon certain improvements and inventions or dis-

coveries of Emile Berliner, in due form of law, on the 19th day of February, 1895, No. 534,543, for gramophone, and that said Letters Patent were duly assigned to the United States Gramophone Company, and that the Victor Talking Machine Company was duly licensed under said Letters Patent, and that you, the said Leeds & Catlin Company, have infringed the fifth and thirty-fifth claims thereof:

Now, Therefore, we strictly command and enjoin you, the said Leeds & Catlin Company, and your associates, servants, clerks, agents and workmen, and each and every one of you, from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of claim 35 of the Letters Patent in suit, which claim reads as follows, namely:

> '35. In a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described.'

And from manufacturing, using or selling, or in any way disposing of apparatus or devices which embody the method specified in Claim 5 of Letters Patent in suit, which claim reads as follows, namely:

> '5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described.'

And from using or employing in any way the method specified in said Claim 5."

Counsel for defendant, in his brief, accompanying the petition for writ of *certiorari* (p. 3), intimates that Judge Townsend, in entering the original decree for preliminary injunction, struck out from a submitted

draft certain language which might have made the decree broader. He states that Judge Townsend struck from the proposed form of complainants the words "or which is intended to be operated in accordance with said method of claim 5." The fact is that the defendant submitted a form of decree to Judge Townsend, as also did the complainants, but Judge Townsend adopted neither of these forms in its entirety, employing some of one and some of the other, but made the decree very much fuller, and more comprehensive, than the form submitted by the defendant. It is respectfully submitted that the decree entered by Judge Townsend (contained on page 328 of the Injunction Record) is very broad and far reaching, and unquestionably embodies the entire device. Among other things, the defendant is enjoined from "in any way disposing of apparatus or devices which embody the method specified in claim 5 * * * and from using or employing in any way said method specified in claim 5." It also enjoins the defendant from making, selling or using "*sound reproducing apparatus* or devices embodying the subject-matter of claim 35 of the Letters Patent in Suit." Claim 35 quoted in the decree defines the "reproducing appartus" as comprising the record and the reproducing stylus.

Pending the appeal from the decision of Judge Townsend granting the preliminary injunction, the writ was stayed upon application of the defendant, upon the condition that defendant enter security in the sum of Ten Thousa Dollars, to indemnify the complainants for damages and profits due for infringement accruing during the period of the stay, which security was entered.

THE ORGINAL INFRINGEMENT.

The infringement of the defendant complained of was the manufacture and sale of disc talking machine records, for use in combination with the reproducing apparatus, as specified in claim 35 of the patent, and for reproducing sound by the method specified in claim 5; also the manufacture, sale and use of the reproducing apparatus for use in combination with the disc talking machine record or traveling tablet in the combination specfied in claim 35, for reproducing sound according to the method specified in claim 5.

The defendant's infringing records were produced as exhibits, as was also the reproducing apparatus.

Notwithstanding the said injunction, which was served October 29, 1906, the said defendant company, its officers, directors, associates, agents, employes, etc., continued, and have since continued, without license from the complainants, to make and sell the said infringing disc sound records, identically the same as those which it had been making and selling previous to the said injunction, for use in combination with reproducing apparatus in the combination specified in claim 35, and for reproducing sound in accordance with the method of claim 5, and with the full knowledge that the same were to be so used.

In other words, the defendant company, and its officers, agents, etc., continued its business in manufacturing and selling sound records of the same identical kind, for the same identical purposes, after the injunction order served October 29, 1906, in the same manner as it had made and sold the same prior to the injunction order, in utter disregard and violation of the said injunction order of this Court.

Notwithstanding the injunction the defendant continued right along in the business of manufacturing

and selling records. It never was a manufacturer of talking machines, but sold a few. (See p. 18 of this Brief.)

Upon petition and affidavits of complainants, on November 19, 1906, an order was entered by the Hon. E. Henry Lacombe against the said defendant requiring it to show cause why an attachment should not issue against it for contempt for violating and disobeying said preliminary injunction of October 27, 1906. (Contempt Rec., p. 4).

The defendant filed an answer, (Contempt Rec., pp. 28 and 29) and numerous affidavits and exhibits in defence, and on the thirtieth day of November, 1906, the case was fully heard by the Hon. E. Henry Lacombe, Horace Pettit appearing on behalf of complainants, and Louis Hicks on behalf of defendant.

On January 5, 1907, an opinion was filed by Judge Lacombe, (Contempt Rec., p. 74, etc.) holding the defendant in contempt, and imposing a fine of one thousand dollars, one-half to be paid to the United States, and one-half to the complainants, collection to be suspended, pending appeal. A decree in conformity with the decision was duly entered on the 11th of January, 1907 (Contempt Rec., p. 75), and on the same day, an order, partially staying the preliminary injunction, pending appeal, requiring monthly statements and a bond of Ten thousand dollars (Contempt Rec., p. 77), and also an order staying the collection of the fine, pending appeal, were duly entered. (Contempt Rec., p. 76). An appeal was thereupon taken by the defendant, from the said decree to the Court of Appeals, and that Court having affirmed the Court below, it is now before this Honorable Court on *certiorari*.

THE SALES IN CONTEMPT.

The complainants' affidavits in this proceeding show conclusively the sales since October 29, 1906, by the defendant company, and its officers, agents, etc., at its place of business, No. 53 E. 11th street, New York City, N. Y.,—its former place of business. The first affidavit is that of Thomas W. Luck (Contempt Rec., p. 10), and bill attached, Marked "Luck Bill" (Contempt Rec., p. 11), who, on November 8, 1906, purchased seven Imperial Records over the counter at said store, at sixty cents each, making $4.20. Also by the affidavit of Charles M. Hemenover (Contempt Rec., p. 12), who, on November 9th, 1906, at the same place, purchased five Imperial Records. Also by the affidavit of Charles K. Bennett (Affidavit No. 2), (Contempt Rec., p. 19), who shows that on November 7, 1906, at the same place, he purchased two records from the said defendant company, one of which, "King Cotton," No. 45269, he paid sixty cents for, and for the other of which, "Carmen," No. 15365, he paid $1.50.

All of these purchases above mentioned were made by the purchasers in the ordinary course of business, going into the store of the defendant company, at 53 E. 11th street, and stating to the salesperson who came to wait upon the respective parties that he wished to buy some records for talking machines. The would-be purchasers were then given catalogues, from which they picked out certain numbers or selections, and told the salesperson which records they desired to purchase. These records were then taken by the salesperson from the defendant's stock of goods, and delivered in each case personally to the purchaser, who then and there paid the price asked for them.

No questions were asked by the defendant's agent or representative, as to what use they were intended to be put, and the said defendant's records were sold

in the ordinary course of business, and were, as shown by the affidavit of H. C. Kennedy, Contempt Rec., pp. 24 and 25, the same in all material respects as the disc records sold by the defendant prior to the suit, and which the defendant, its officers, etc., were enjoined from selling by the injunction order served October 29, 1906.

The complainants' affidavits (Contempt Rec., pp. 13 to 19), of Albert Platz, George M. Thompson and Charles K. Bennett (Bennett affidavit No. 1) also show purchases in the ordinary course of business by these parties from the defendant, at its store, No. 53 E. 11th street, New York City, N. Y., in November, 1906, since the date of the service of the said writ. In these last mentioned instances not only were the defendant's said records sold to Platz, Thompson and Bennett in the ordinary course of business, but also with the knowledge that they were to be used in connection with the reproducing apparatus of the Victor Talking Machine of the complainants' manufacture, in accordance with the said patent No. 534,543, in suit, claims 5 and 35.

The affidavit of Albert Platz (Contempt Rec., pp. 13-14) shows that on November 4, 1906, he wrote and mailed a letter to the defendant company, addressed to 53 E. 11th Street, New York City, N. Y., on his letter head, a copy of which is attached to his affidavit. This letter head contained in the left hand corner a picture of the Victor Talking Machine Company's trade-mark, "His Master's Voice," the dog listening to the talking machine with the word "Victor" printed thereon; in the center of the sheet are printed the words "Albert Platz, Exclusive Dealer in Victor Machines and Records, 344 Devoe Street, Brooklyn, N. Y., 190 ." This letter was dated November 4, 1906, addressed to Messrs. Leeds & Catlin, the defendant, and stated (Contempt Rec., p. 14):

"You will notice from my note head that I am a dealer in Victor Talking Machines and records exclusively, I would like to handle the Imperial record. Kindly write me and quote dealer prices.

Yours &c.,
ALBERT C. PLATZ."

To this letter, Albert C. Platz received a reply from the Leeds & Catlin Company, dated November 7, 1906, a copy of which is attached to the Platz affidavit, marked "Complainants' Exhibit, Platz Leeds Letter." This letter stated that in reply to the Platz letter of the 4th inst. the defendant enclosed a catalogue of its Imperial Records, and stated (Contempt Rec. p. 15):

"We will be pleased to sell you these at 30 cents each F. O. B. Middletown, Conn. They are acknowledged to be the best records on the market, being loud, clear, sweet-toned and up-to-date in every respect. The retail price of the Imperial Record is 60 cents each.

"Hoping to receive your order, we remain
"Very truly yours,
"Leeds & Catlin Company,
"By H. Leeds, Jr.
Dictated. Enclosure."

In reply to this last mentioned letter, Platz wrote the defendant, ordering two dozen of the defendant's records, the order comprising two each of a dozen selections which he picked out from the catalogue sent him, and the said Platz enclosed in the said reply a post office money order for $7.20, in payment of said records, which replying letter (Contempt R., p. 59) he mailed with the money order on November 14, 1906.

On November 16, 1906, Mr. Platz personally called at the defendant's store, 53 E. 11th street, New York City, and introduced himself, and stated that he had written the defendant on November 4, 1906, to which

they had replied by the defendant's letter of November 7, and asked the defendant's representative when the defendant would be able to deliver the records which he had ordered by letter of November 14th, and was told that he would probably receive them on Monday, the 19th inst. Mr. Platz then told the defendant's representative that he would like to have the records at once, and asked that he supply him with the said records, and twenty-three of the said records ordered by Platz, by his letter of November 14, 1906, were delivered to him personally at the said store of the defendant, by the defendant's representative, on November 16, 1906, for which he paid the defendant's representative at the time the sum of $6.90, and received a receipted bill therefor, which is attached to the Platz affidavit, marked "Complainants' Exhibit, Platz Bill" (Contempt Rec., p. 16), which records are produced in this proceeding, together with the other records purchased.

The said George M. Thompson, on Wednesday, November 7, 1906, also purchased six of the defendant's said records, for which he paid the sum of $5.35, which are offered in evidence in this proceeding (Contempt Rec., p. 19). The said Thompson asked the said salesman, at the time of said purchase, whether he could use the said defendant's records so purchased on a talking machine of the manufacture of the Victor Talking Machine Company, to which the salesman replied that he could.

The said Charles K. Bennett, by affidavit No. 2 (Contempt Rec., p. 19), shows in addition to other facts, that he accompanied Mr. Thompson on November 7th to the defendant's store on the occasion of this visit, and that after the said Thompson had made the selection of the said defendant's records, Thompson asked the salesman "whether the said records which he had selected could be used on a machine manufac-

tured by the Victor Talking Machine Company, and the attendant told him that they could be so used" (Contempt Rec., p. 20).

The said Charles K. Bennett, also shows, by affidavit No. 1 (Contempt Rec., pp. 16 and 17), that on November 2, 1906, he went to the said store of the said Leeds & Catlin Company, No. 53 E. 11th street, New York City, and told the defendant's representative who waited on him that he desired to purchase Imperial Records, sold by the defendant company, and that the said representative of the defendant company sold him, on this occasion, six of the said defendant's records out of the stock in the establishment, which said records are produced in evidence in this proceeding, marked "Complainants' Exhibit, Bennett-Leeds & Catlin Records, Nos. 1 to 6 respectively." The said Bennett picked these out of the defendant's catalogue, handed him by the defendant's representative, and paid sixty cents each for four of the said records, and one dollar each for two of the same. The said Bennett affidavit also shows that he told the said salesman at the time of the said purchase that he had a talking machine manufactured by the Victor Talking Machine Company, and asked the salesman if these records thus purchased could be used on this Victor talking machine, and was told by the said representative of the defendant that he could use the said defendant's records on the said Victor talking machine (Contempt Rec., p. 17). The said salesman also, on the same occasion, told the said Bennett that he, the said salesman, had at his home a Victor talking machine, on which he played some of the records. The said salesman handed the said Bennett, on this occasion five catalogues, containing a list of the different disc records of the defendant's manufacture, which catalogues are produced in evidence in this proceeding, attached to said Bennett affidavit No. 1, marked "Bennett, Leeds

& Catlin Company Catalogues, Nos. 1 to 5" (Contempt Rec., p. 17).

It is shown by the complainants' proofs, we submit, that the defendant is continuing the sale of the infringing records, for the same purposes, in the same manner, as prior to the injunction.

THE INFRINGING APPARATUS THE SAME IN THE LEEDS & CATLIN CASE AS IN THE ADJUDICATED SUIT AGAINST THE GRAPHOPHONE COMPANY.

The opinions of the U. S. Circuit Court of Appeals and the Circuit Court are on pages 73 and 63, of the Injunction Record.

The defendant contends that as the infringing apparatus, comprising the combination of the reproducing stylus and disc records, both in the Graphophone case and in the Leeds & Catlin case, were substantially the same as the complainants' patented reproducing apparatus and records, and as infringement was not denied, that there was no expression of opinion by the Court as to what constituted an infringement of claims 5 and 35, of the patent in suit.

If the defendant, at the present time, was manufacturing and selling a distinctively different device from that which the defendant in the Graphophone case, or in the injunction proceedings in this Leeds & Catlin case, had been selling, there might be some excuse for suggesting this question, but as the disc records which the defendant continued to sell after the injunction of October 29, 1906, are identically the same as those which it previously manufactured and sold and which it never stopped making or selling for use in combination with the reproducing stylus of the claims, and which it was enjoined from making and

selling, there can be no excuse for the raising of this question.

Further, as hereinafter more particularly pointed out, the decision of Judge Hazel, in the Graphophone case (Inj. Rec., p. 63), affirmed by the Court of Appeals, for the Second Circuit (Inj. Rec., p. 73), as well as the decision of Judge Townsend, in this Leeds & Catlin case (Inj. Rec., p. 318), also affirmed (148 Fed. Rep., 1022), considers very fully the importance and function of the record, in combination with the reproducing stylus, there can be no room for doubt that the contempt records form an essential part of the combination with the reproducing stylus of claim 35, for operation in accordance with the method of claim 5.

THE DEFENDANT NEVER WAS A MANUFACTURER OF DISC MACHINES, BUT WAS, AND CONTINUES TO BE, A MANUFACTURER OF THESE DISC RECORDS.

The defendant's business, before suit, and which it has continued since the injunction, is the manufacture and sale of disc records. It never manufactured disc machines, but only *sold* a few, which it took in part payment from the Talk-O-Phone Company at one time. (See affidavits of Edward F. Leeds, Inj. Rec., p. 292, fol. 876; also Irish, Inj. Rec., p. 284, fol. 851.) This is admitted by defendant's counsel, and not disputed.

It is, therefore, apparent that the defendant company is continuing to do the same infringing acts, since the injunction has been served, as before that time, viz., the sale of records forming a material element of the combination claimed in claim 35, for use in infringement of the method specified in claim 5.

The defendant cannot now say that these contempt records were sold for the purpose of any other use than that for which they were made and sold prior to the injunction.

Not only is the intent of the use to be determined by the acts of the defendant, but it is also clearly shown by these complainants' affidavits, as herein pointed out.

The defendant is chargeable with the natural consequences of its acts.

Thomson-Houston Co. *v.* Ohio Brass Co., 80 Fed. Rep., 712;
Am. & Eng. Enc. of Law, Vol. 22, 2d Ed., p. 463.

THE ELEMENTS OF CLAIM 35 AND THE METHOD OF CLAIM 5.

The defendant seeks to ignore the value and importance of the disc record, or traveling tablet, with the sound record thereon, of claim 35, and to emphasize the greater importance of the sound reproducing apparatus of the said claim. Defendant's counsel states that the sound reproducing apparatus is the vital element. This, however, is a mere voluntary statement on his part, unfounded in fact, and not warranted by the decisions of the Courts.

The fact is that this disc record, having the lateral undulations representing the sound waves formed in the side walls of the spiral groove of even depth, extending from the periphery to a point near the center, is a most important mechanical element, if not the most important of the combination. Claim 35 is composed of two elements,—the record just described, and the sound reproducing stylus, shaped for engage-

ment with the record, so mounted as to be free to be vibrated and propelled by the record.

It will be seen that the little undulations in the side walls of the spiral groove operate mechanically as a double cam, to pulsate the stylus point back and forth in transmitting the recorded sound waves to the diaphragm, and at the same time propelling the reproducing stylus from the beginning of the spiral groove, near the periphery, to a point near the center.

As to the reproducing stylus, it is only necessary that it should be shaped for engagement with the record, and so positioned and supported as to be free to be vibrated and propelled by the record.

As fully set forth, and decided in the suit against the American Graphophone Company (Inj. Rec., p. 63 and 73), the ways in which the reproducing stylus may be mounted, or supported, are several; one way is upon a pivoted swinging arm, such as shown in Figure 3, of the patent in suit, though this is only one way; another way is that shown in Figure 10, of the Berliner Patent, No. 564,586, filed November 7, 1887 (Injunction Record, p. 465), where the stylus and the sound box are supported on a horizontal roller so as to travel across the record disc. Berliner, in the "Electrical World," of November 12, 1887 (Injunction Record, p. 244), shows that sound may be reproduced from one of these records by holding a sharply pointed bamboo stick between the teeth and pressing the point lightly into the rotating groove, "Or a mounted diaphragm having connected to its center a flat stylus similar in form to the recording one, but of shorter leverage—as shown lying on the table in the engraving (Figure 1, Injunction Record, p. 243), is so placed above the groove that the bent point of the flat spring also presses lightly into the groove. Or a large wooden

resonant box is connected to the groove by a stick having an ivory or boxwood point."

"Another way is to mount the phonautogram on a circular, wooden, resonant box, which simply rotates without progressive motion, and to press an ivory point into the groove. In this case the hand which holds the ivory easily follows the groove, and the point is *led* along the volute of the record, and vibrates the sound-box by undulatory shocks." He then also describes the construction similar to that shown in Figure 10, of the Berliner Patent, No. 564,586 (Inj. Rec., p. 465).

This is merely cited to show that all that is required of a reproducing stylus forming part of the combination with the record is that it shall be shaped for engagement with, and so mounted as to be free to be vibrated and propelled by the record. As before pointed out, the record disc is a most important and vital mechanical element having the volute, or spiral groove for propelling the stylus mechanically, and the cam-like undulations in the walls of each side of the groove for positively vibrating, or "kicking," the stylus point mechanically back and forth, positively, in a double cam like action, while, at the same time, the volute, or spiral groove propels the stylus point.

An examination of claim 35 will show that this disc record, or traveling tablet having a sound record formed thereon, is a most important and vital element of the combination.

It also performs a most vital and important function in the method of claim 5.

The claims read:

> "5. The method of reproducing sounds from a RECORD of the same which consists in vibrating a stylus and propelling the same ALONG THE RECORD BY AND IN ACCORDANCE WITH THE SAID RECORD, substantially as described."

"35. In a sound reproducing apparatus consisting of A TRAVELING TABLET HAVING A SOUND RECORD FORMED THEREON and a reproducing stylus shaped for ENGAGEMENT WITH SAID RECORD and free to be VIBRATED AND PROPELLED BY THE SAME, substantially as described."

This disc record has always been formed in hard, durable material, and they have commonly been identified and referred to as indestructible records. They were originally, at the time of the invention of the patent in suit, formed in metal, such as zinc, and the reproduction being had directly therefrom in the combination of claim 35. They are now commercially made in hard, durable material, such as hard rubber or like material, having great wearing qualities, being material into which the record may be pressed from the matrix, soft while heated, and extremely hard when cooled under pressure, such as the disc records in evidence in this case.

DURABILITY OF THE DISC RECORDS.

The complainants' hard disc records may be used, ordinarily, as many as 500 times, without any depreciation in tone to the average ear. This is the testimony of A. C. Middleton, an expert, who, as shown by his affidavit, has given a great deal of time and study to the examination and test of these complainants' records (See Middleton affidavit, Contempt Record, pp. 26-27).

Of course, as stated by Mr. Middleton, inferior records, made of inferior material, such as many infringing records, will show wear in comparatively short time, in perhaps 50, or 60 reproductions, or sometimes less. Records can probably be made which will show wear in one or two reproductions, as suggested by

some of the defendant's affidavits, and may not reproduce at all.

The complainants' records sold with its machines, and for use upon complainants' machine, are made of the best and most durable material, as stated by Mr. Middleton (Contempt Record, p. 27):

> "The material of which the complainants' records are and have been made since the complainants have been manufacturing records is of the best and most durable character known to us for this purpose."

The fact is, that complainants' disc records do not, as a rule, wear out, if at all, as users of these disc talking machine records usually have a large repertory with different selections. Mr. Middleton shows (Contempt Record, p. 22), that an owner of one of complainants' disc machines costing about $25.00, will frequently spend as much as $100.00 for records. Many of the complainants' records are sold at 35 and 60 cents; at this price, the owner would have at least 200 of complainants' records purchased from the complainants. If he paid an average of a dollar a record, which is not probable, he would have at least 100 records. As stated by Judge Lacombe, in the decision holding the defendant in contempt (Contempt Record, p. 74), new records are "bought more frequently in order to increase the repertory of tunes than as substitutes for worn-out discs."

The complainants, as admitted, sell their records with the reproducing stylus, and the purchaser is at liberty to buy then, or later from the complainants, as many of complainants' records as he desires. It is a large part of the complainants' business to manufacture and sell these records for use in reproducing sound on complainants' machines, as shown by affi-

davits of Mr. Middleton and Mr. Haddon (Contempt Record, pp. 22 and 24).

A repertory of even ten of complainants' records to a machine, which is a low estimate, would mean, before any appreciable wear occurs, 3000 reproductions at 300 to each record. Or at Mr. Leeds' estimate of 60 reproductions to a record, would mean 600 for 10 records before any appreciable wear, and 6000 if the user, as he frequently has, as stated by Mr. Middleton, 100 records.

Mr. Middleton states that from his most careful actual test that 500 reproductions may be had from each record without any depreciation in tone to the average ear; this would mean for 10 records, 5000 reproductions before even any appreciable wear to the average ear; and for 100 records, 50,000 reproductions.

It is also clear that complainants' records are, and may be continued to be used with very satisfactory results, even after some slight depreciation in tone might occur, after 500 reproductions. And the fact is, that these records are kept and used by the owners of complainants' reproducing apparatus for years.

The fact is, as known by all users of complainants' machines and disc records that the records practically rarely become useless.

It will also be observed that defendant's affidavits of Mr. Bunker, and Mr. Moeller (Contempt Record, pp. 61 and 67), in testifying as to the number of reproductions of which a record is ordinarily capable, do not specify that this is true of the material of which *complainants'* records are made. It might be quite possible that records made of inferior material, such as some of the infringing records, would wear in the manner indicated, but this is not true of the complainants' records, as shown by Mr. Middleton's affidavits

(Contempt Record, pp. 20 and 26). The affidavit of Mr. Edward F. Leeds, on behalf of the defendant (Contempt Record, pp. 37-38), does refer to complainants' records, but it is clear that the tests made by Mr. Middleton, and who is connected with the complainant company, shows him very much better qualified to testify on this point than Mr. Leeds. Mr. Leeds makes several general statements regarding the matter, while Mr. Middleton shows the character of his tests, and at all events, from his intimate connection with the complainant company since its organization in 1901, is better qualified to testify upon this subject.

RE DEFENDANT'S CONTENTION THAT FLAT DISC SOUND RECORDS EXISTED BEFORE THE DATE OF THE INVENTION OF THE PATENT IN SUIT.

Even if this were true, it would be immaterial, as claim 35 is for the novel combination of the record, and reproducing apparatus, so that the latter is free to be vibrated and propelled, and claim 5 is for the novel method; the defendant, however, does not show the statement to be true that these disc records, having laterally undulating grooves of even depth of the Berliner type were old prior to the date of the invention of the patent, in suit.

The Court of Appeals, for the Second Circuit, in the opinion in the Graphophone case (Injunction Record, p. 73), has held that the date of invention goes back to November 7, 1887, the date of filing of the Berliner Patent, No. 564,586, which issued July 28, 1896. The invention of the patent, in suit, was, therefore, made at the time that the record was shown in the Berliner Patent, No. 564,586, and in the "Electrical World," of November 12, 1887.

RE MECHANICAL FEED.

The defendant spends considerable time, and space, in the consideration of so-called mechanical feed machines.

It is submitted that it makes no difference, in this case, if mechanical feed machines did exist prior to the date of the patent, in suit, if they were not in commercial use at the time of the sales of the contempt records.

The fact that Mr. Berliner showed in his patent, No. 564,586, that he could also reproduce the record on the positive feed recording machine shown in Figure 1, in no manner detracted from his great pioneer invention disclosed in that patent, No. 564,586, filed November 7, 1887, and subsequently claimed in claims 5 and 35, of the patent in suit, which he had a right to do as decided by the Court of Appeals, in the Graphophone case (Inj. Rec., p. 73). This fact in no manner detracted from this basic invention which revolutionized the talking machine art, and in which the record became at once the vibrator, and propeller to feed the reproducer, and in the conception and completion of which Mr. Berliner departed radically, from the prior art represented by the graphophone and phonograph.

It is clear, in regard to the so-called "mechanical feed" device, of which so much is made in the affidavits, that nowhere is it shown that the defendant sold any of these so-called "mechanical feed" devices, nor is it shown by any of the affidavits that these so-called "mechanical feed" devices ever have been or are upon the market to-day. There is an entire absence of any proof on the part of the defendant that there is any so-called "mechanical feed" reproducing apparatus upon the market or in general use to-day, upon which

the contempt disc records of the defendant company could be used.

There is, however, on the other hand, positive evidence on the part of the complainants, in their moving papers that there is no such so-called "mechanical feed" device to-day upon the market, or in general use, and never has been.

The mere fact that the defendant may have used, at its office, or store, in testing records, a so-called "mechanical feed" device, is no excuse for the sale of these Imperial records since the injunction, with the knowledge that they could be used, and doubtless would be used in connection with the reproducing apparatus forming the other element of the claim of the patent in suit.

Before the injunction the defendant sold the same records for use in combination with the reproducing apparatus of the patent as decided by Court of Appeals. In selling since the injunction the records sold would be devoted to the same uses by the purchasers, and the defendant knew it.

As herein shown, the sales of the records to Luck, Hemenover (Contempt Rec., p. 10 to 12), and to Bennett (Contempt Rec., pp. 19-20), (Bennett Affidavit No. 2) were made by the defendant without any inquiry as to what reproducing apparatus they were to be used in connection with. The sales to Platz (Contempt Rec., p. 13 to 14) and Thompson (Contempt Rec., p. 18 and 19) and another sale to Bennett (Contempt Rec., p. 16 to 17) (Bennett Affidavit No. 1) were with the express understanding that they were to be used in connection with the Victor talking machine.

In regard to the so-called "mechanical feed" machine, the complainants most strenuously contend that this machine is gotten up as *a mere attempted evasion of the patent in suit;* that it does not evade, and merely

contains a superfluous mechanism, which performs no useful function, without which the machine would operate more satisfactorily than with it; and that the defendant is merely making use of this machine as an excuse for selling the records which it was enjoined from selling, contending that if such a machine existed, the records they sold might be used with it, and, therefore, even though the records sold should be used in infringement of the patent, the defendant would be excused.

A careful reading of the defendant's affidavits is invited, as otherwise they might be misleading. These affidavits in behalf of the defendant are adroitly worded to create the impression that such so-called "mechanical feed" machine is upon the market, but a careful reading discloses the fact that, with the same adroitness, absolutely no evidence is produced to support this contention, and that the defendant has studiously refrained from asserting one fact, beyond the mere vague intimation that such machines are marketed. The attempt appears to be to create the impression that the defendant has been engaged since the injunction in selling the so-called "mechanical feed" device, and in selling the records in connection therewith, and that the so-called "mechanical feed" device of various makes is upon the market. The affidavits, however, do not so state, as will appear upon a careful inspection, and might be misleading in this respect.

The defendant's contempt records were not sold with any label containing restrictions that they were sold for use in connection with the so-called "mechanical feed" device, as intimated in the affidavit of Edward F. Leeds (Contempt Rec., p. 32), **and even if the said labels were on the records, and they were not upon the contempt records,** it would make no difference, among other reasons, for the reason that the language of the label does not restrict the use of the

record to the so-called "mechanical feed" device, but merely states "it is sold for use on mechanical feed machines." None, however, of the Contempt Records had this label thereon.

While it is true, as stated in Mr. Hicks' affidavit (Contempt Rec., p. 69), that complainants' counsel made the statement in the Circuit Court on the injunction proceedings, that he presumed "that the Court does not desire without the benefit of a full discussion to say, upon these motions, whether these so-called 'mechanical feed' machines are, or are not, mere attempted evasions of claims 5 and 35, of the patent in suit," yet the fact remains, as hereinafter more fully pointed out, that the defendant's counsel, in his brief in the Court of Appeals (page 195, of defendant's brief attached to the petition for *certiorari* in the Injunction Proceedings), presented a very full argument relative to this question of so-called "mechanical feed" machine, and the effect of the sale of records which might be used thereon. The matter was thus quite fully before the Courts in the injunction proceedings. This defence, therefore, should not be available as an excuse in these contempt proceedings.

As shown by the affidavits of Mr. Middleton and Mr. Haddon (Contempt Record, pp. 21 and 23), at the time the Contempt Records were sold, there were in use in the United States, hundreds of thousands of reproducing apparatus of the complainants' construction, designed to be operated in the method of the patent for reproducing sound from disc records similar to the Contempt records, and that said Contempt Records, when sold, could only be used for sound reproduction purposes in connection with this sound reproducing apparatus referred to, which, in combination with the records, forms the subject-matter of this suit.

The mechanical feed machines, in combination with the vertically undulating record of uneven depth rep-

resented the prior art, and was the only commercial talking machine before Mr. Berliner's invention, in suit, as has been decided. (See decision of Judge Hazel, in Graphophone case, Injunction Record, p. 67, fol. 201). Judge Hazel, stated, *inter alia*:

> "Concededly, the lateral undulations in the record automatically guide or propel the stylus and diaphragm in its course over the disc from the outer circumference toward the center, and the stylus travels in an apparently direct radial path while at the same instant of time it is pulsated or incited by the sound waves. The principle of operation in the Berliner machine is thought to be essentially different from that of the machine of Bell & Tainter. In the latter, an auxiliary joint or feed screw was necessary, as already stated, to effectuate the required passage of the record over the point of the stylus, or to cause the stylus and reproducer diaphragm to travel across the surface of the record. In complainants' patent, on the other hand, it is shown that the lateral vibrations of the stylus point and the propelling of the same over the surface of the record without mechanical assistance and through the means of the groove alone was the primary object of the inventor.
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> * * * * * * *
>
> "By such adaptation to what is known in the art as a zigzag record (Complainants' Record) certain imperfections in the talking machines were overcome, and sound, when reproduced, was rendered more intelligible. There was, I think, patentable novelty in the method which accomplished the results stated.
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> * * * * * * *
>
> "The essence of such claims would seem to include a sound record, which, when in juxtaposition with a diaphragm and stylus propelled in the manner described, is thereby enabled to successfully accomplish the primal object and purpose of the invention."

The very nature, construction and operation of the prior Edison phonograph, and of the Bell & Tainter graphophone, required the positive auxiliary feed screw for propelling the stylus point over the record, or the record past the stylus point, and had many objections, among others, the difficulty of maintaining the proper relation and pitch between the auxiliary screw feed, and the spiral of the record groove so as to keep the reproducing point always in intimate contact with the record in the groove. The character of Mr. Berliner's invention, obviated all this difficulty, and provided a means and method of always keeping the stylus point in intimate, and exact corelation with the record in the groove, the record groove being at one and the same time, the vibrator and propellor. This was all passed upon, and fully decided in the Graphophone case by The Court of Appeals, for the Second Circuit (Inj. Rec., p. 73).

RE JUDGE LACOMBE'S DECISION, HOLDING DEFENDANT IN CONTEMPT.

Judge Lacombe's decision, filed January 5, 1907, is on page 74, of the Contempt Record, and holds the defendant in contempt, imposing a fine of $1000, one-half to be paid to the United States, and the other half to the complainants. The decree for contempt is contained on page 75, Contempt Record.

By separate orders, preliminary injunction and payment of the fine was stayed, pending appeal, the defendant, however, being required to enter bond in $10,000, and to file monthly statements.

The decree found that the defendant had violated the injunction by subsequently selling records of claim 35, with the intent that the said records should be used in combination with the other elements of that claim in machines sold by the complainants, or their licensees,

combined with such records, for use in carrying out the method of claim 5.

The defendant's counsel seems to think that Judge Lacombe entertained doubt upon the question, by reason of the fact that he stayed the order pending appeal. We understand, however, that this is quite customary in said circuit, in cases where the appeal may be heard within a reasonably short time after the decree in the court below, and that no inference of this character is to be drawn from that fact. The contention is certainly not warranted, as stated in defendant's brief, that the question involved in the contempt proceedings was not covered by Judge Townsend's decision on the preliminary injunction. As hereinbefore pointed out, Judge Townsend's decision and decree were so abundantly broad and sweeping as to include the manufacture and sale of these records for this infringing use, as clearly appears from the decision and decree.

The decree (Injunction Record, p. 328) enjoins the defendant from manufacturing, selling, or using "sound reproducing apparatus or devices embodying the subject-matter of Claim 35."

The words "sound reproducing apparatus" are taken from claim 35, and are stated in that claim to consist "of a travelling tablet having a sound record formed thereon and a reproducing stylus—"etc. It is, therefore, clear that the words "sound reproducing apparatus" used in the decree, mean the combination of the traveling tablet, or record disc, and the reproducing stylus. The decree could not be more explicit for the purpose of enjoining the record of this combination, had it specifically used the word "record."

The fact is, however, that it does specifically include the record as the decree quotes claim thirty-five, which embodies "a traveling tablet having a sound record formed thereon."

The decree also enjoins the defendant from manufacturing, using, or selling, etc., apparatus, or devices "which embody the method specified in claim five,"—"and from using or employing *in any way* the method specified in said claim five."

The defendant at the time that this decree was entered and it was enjoined, was engaged in the manufacture and sale of records, not machines, and this was the business which it continued without interruption, notwithstanding the injunction.

A more willful violation could hardly be imagined.

This was also passed upon, very fully, by Judge Hazel in the Graphophone case, (Inj. R. p. 63) affirmed by the Court of Appeals, for the Second Circuit, (Inj. R. p. 73) where Judge Hazel most clearly defined the importance of the record of the combination, and entered a substantially similar decree.

NO DOUBT EXPRESSED IN JUDGE LACOMBE'S DECISION ON CONTEMPT.

Defendant's counsel, in his brief, accompanying the petition for writ of *certiorari*, under the heading of Decree for Contempt, page 13, refers to an alleged statement by Judge Lacombe at the settlement of the decrees relative to an alleged doubt in Judge Lacombe's mind regarding his decision. There is no record, whatsoever, to support this statement, and, therefore, it is unnecessary to ask this Court that no consideration be given it.

A careful reading of Judge Lacombe's decision, (Contempt Record, p. 74) does not indicate that there could be much doubt upon the question of the contempt.

Defendant contends that there was no finding that the contempt records sold by the defendant were ever

used upon any machine of any kind for the reproduction of sound.

The defendant apparently contends that the finding that there was an "intent" on the part of the defendant that the contempt records so sold should be so used, is in error.

It is held by Judge Lacombe, that this was clearly contributory infringement, and requires no serious argument to show that the proof of an "actual use" was necessary where the intent that they should be so used was proven. This intent is clearly shown by several of complainants' affidavits, as hereinbefore pointed out, such as Platz, Thompson and Bennett to whom the defendant sold the contempt records with the knowledge that they were to be used in connection with the reproducing apparatus of the Victor Talking Machine Company.

The Platz letter of November 4, 1906 (Contempt R., p. 14), ordering records of the defendant, specifically stated that he dealt exclusively in Victor talking machines and records, and the said records were subsequently sold to the said Platz by the defendant. (See defendant's reply letter of November 7, 1906, etc., Contempt R., p. 15.)

No further proof, we submit, is necessary. The defendant sold the contempt records over the counter, as shown by complainants' affidavits in some cases with the knowledge that the purchaser had a Victor talking machine, and in other cases without any inquiry as to how they were to be used, but manifestly with the knowledge that there were no mechanical feed machines in commercial use, and that there were hundreds of thousands of reproducing machines constructed in accordance with the complainants' patent, in use in the country, for which defendant's records were especially adapted.

The defendant, however, does not seem seriously to dispute this proposition, but mainly relies upon the defense that this alleged right to sell, to complainants' purchasers of machines and records, additional records for the purpose of so-called repair, or substitution, or improvement as set forth in Defendant's Brief accompanying the petition for writ of *certiorari*.

Defendant relies upon the theory that when complainants sold the patented reproducing apparatus and records to a purchaser, the device, including the combination of the apparatus and records, was released from the monopoly, and that a purchaser had a perfect right, therefore, to buy from unlicensed parties other records forming an essential part of the combination, to add to his collection of the records purchased from complainants for the purpose of increasing his repertory or for practically any other purpose.

The defendant also necessarily contends, that a manufacturing concern has a right to manufacture this essential element of the two essential elements of the combination for use in accordance with the patented method, and to sell the same to the purchaser of such patented combination.

THE DEFENDANT'S EXCUSES FOR SELLING THE CONTEMPT RECORDS.

The defendant on November 28th, 1906, filed an answer (Contempt R., p. 28) and affidavits (Contempt R., p. 30) in reply to complainants' Petition for Contempt, making a general denial of infringement since the injunction, and bases its denial upon certain excuses for the acts, which we claim were done in contempt of court.

It is apparent, we submit, from the very nature of the excuses set forth in defendant's affidavits, that they are strained and untenable, and appear to be devised

for the purpose of evading the decree of the courts below.

The defendant, in support of its answer, has filed five affidavits, by the following parties, viz.; Edward F. Leeds, President of the defendant company, (Contempt Rec., p. 30 and 72); Louis H. Bunker, who says he sold the defendant's records, at defendant's store, since the injunction, but was acting, not as an employee, but as a "friend" (Contempt Rec., p. 60); Loring F. Leeds, who does not state how he is connected with the defendant company, or what his relationship to the president is (Contempt Rec., p. 63); Leo Moeller, (Contempt Rec., p. 65) an employee, and Louis Hicks, defendant's counsel (Contempt Rec. p. 68). To certain of these affidavits are attached copies of certain advertisements of the defendant, etc., referred to in the affidavits to which they are attached.

The principal excuses presented by the defendant in the attempt to absolve it from the contempt charged, in selling after the injunction the same sound records as it made and sold prior to the injunction, are, in substance:

(1) That the defendant thought that it could sell these disc records, as such records could be used, or might possibly be used, upon a so-called "mechanical feed" talking machine.

(2) That because the complainants had sold large numbers of reproducing apparatus, including a reproducing stylus and the records, the defendant thought it was free to make and sell disc records which could be used on such of complainants' apparatus in the hands of those who had purchased them, on the basis of the so-called doctrine of "repair."

(3) That the defendant excuses its contempt acts on the basis that the record is a perishable temporary

part of the combination, and that, therefore, it had the right, as a manufacturer, to make and sell to purchasers of complainants' reproducing apparatus, disc records similar to the complainants', as a substitute or addition to the complainants' apparatus.

(4) That because the complainants did not place any label on the records or machine, restricting the use of the reproducer to the combination with the complainants' record, and the use of the record to the combination with complainants' reproducer, specified in claim thirty-five, that, therefore, the defendant was free to supply records.

(5) That the complainants' disc record was not patented separately and by itself; therefore, defendant had the right to supply the records for use in the patented combination.

(6) That the defendant had a right to make and sell records for export to foreign countries.

(7) That the complainants sometimes sold the reproducing device without any records being sold with it; that, therefore, there was an implied license to the defendant, or any other manufacturer, to manufacture, and sell records to the purchaser, notwithstanding the fact that a large part of the complainants' business is devoted to supplying the record disc, the other part of the combination of claim thirty-five, which is advertised most widely and known to the world.

It is respectfully submitted that a careful reading of the defendant's affidavits, in connection with the complainants', will show that the defences raised are manifestly without foundation, and are devised for the purpose of evading the decree of the Courts below and to relieve the defendant, and its officers, of the contempt charged.

THE DEFENDANT'S ARGUMENT BASED ON A FALSE PREMISE.

The Disc Sound Record or "Traveling Tablet Having a Sound Record Formed Thereon," is Not a Perishable Temporary Part of the Combination.

The argument of defendant's counsel is, throughout the whole brief, based upon the erroneous assumption and false premise, not supported by the weight of the evidence, that the sound record is a perishable, temporary part of the combination, in the same sense as the toilet paper in the case of Morgan Envelope Co. *v.* Albany Paper Co. is (40 Fed. Rep. 577—affirmed 152 U. S. 425). The defendant's brief in the Court below practically bases the whole case upon the decision of the Courts in this case just mentioned. Defendant's counsel contends (Def. Brief, accompany the petition for writ of *certiorari*, p. 16):

(*a*) That the perishable temporary character of the record is established by the evidence; and

(*b*) That a mere inspection of the reproducing apparatus and consideration of the wear on the record is alone sufficient to establish the point.

Defendant's counsel goes so far as to argue that the testimony of complainants' experts shows that this point is undisputed.

This latter assumption is illustrative of the misleading construction which defendant's counsel seeks to place upon the proofs.

As stated by Judge Lacombe, new records were "bought more frequently in order *to increase the repertory of tunes* than as substitutes for worn-out discs." (Contempt R., p. 74.) Judge Lacombe, very properly, also held that (Contempt Rec., p. 74).

"Indeed it is difficult to escape the conviction that the larger part of defendant's sales were contrived by them to enable the owners of reproducers purchased from complainant or its licensees to produce such musical pieces as such owners might desire to hear, through the co-operation in combination with such reproducers of records made by defendant instead of records made by complainant."

Judge Lacombe also stated (Contempt Rec., p. 74):

"This seems to be a case of contributory infringement—an entirely voluntary and intentional one, not in any wise excused by the circumstance that complainant had theretofore sold reproducers combined with other records to such owners (Am. Graph. Co. *v.* Leeds, 87 F. R. 873)."

It will thus be seen that Judge Lacombe has held that the purchase of new records by owners of the reproducing portion of the combination is principally for the purpose of *increasing the repertory of tunes.* In other words, Judge Lacombe has found that, in the main, *the new records are not sold* as substitutes for worn-out discs, but "in order to increase the repertory of tunes."

The defendant's counsel proceeds to base the main portion of his argument upon an inference which he draws from Judge Lacombe's decision, that some of the records are sold as substitutes for worn-out records, and attempts to establish what he terms "the fundamental principle of defendant's contention," that the purchaser of reproducing apparatus made and sold by complainant, or its licensees, has the right to substitute new records made by the defendant, for use in the combination of the patent, when the old record is worn out, or useless through any other cause.

Defendant further reasons from this, that the purchaser, if he has the above right, has also the right to

substitute a new record for the record originally purchased, as part of the combination, no matter whether the old record is worn out or useless, and that the purchaser has the implied right, having purchased one machine and one record from the complainant, or its licensees, to purchase *a hundred,* or *a thousand records,* for use in the combination, from one who is not a licensee.

It will thus be seen that the defendant attains his conclusion from—

(*a*) A false premise, viz., that the disc record or "traveling tablet having a sound record formed thereon" is a perishable temporary part of the combination; and

(*b*) If he has the right to repair a worn-out vital element of the combination, he would also have the right, even though this vital element of the combination was not worn out, to make and use hundreds, or thousands, of other records, having the same, or different, selections thereon, forming a vital element of the combination to increase his repertory of tunes, or for any other purpose.

THE REPRODUCING STYLUS, THE SECOND ELEMENT OF THE TWO ELEMENTS OF THE COMBINATION OF CLAIM 35, A MOST DELICATE ACOUSTICAL INSTRUMENT FOR USE IN REPRODUCING SOUND IN COMBINATION WITH THE HARD DISC RECORD, OR "TRAVELING TABLET HAVING A SOUND RECORD FORMED THEREON."

The defendant, for some reason of its own, has singled out of the combination of claim thirty-five the disc record, or "*traveling tablet having a sound record*

formed thereon," as a temporary perishable element of the combination, and defendant's counsel (Def. Brief accompanying the Petition for Writ of *Certiorari,* p. 18) bases his argument upon the unwarranted assumption that the record is more temporary and perishable than the other element, "the reproducing stylus shaped for engagement with said record," which defendant's counsel says "will last indefinitely for years."

The "traveling tablet having a sound record formed thereon," or disc record, is more durable and permanent than could be ordinarily expected by a purchaser of any acoustical instrument, and as shown by the evidence of Mr. Middleton (Con. Rec., p. 27), the **"complainants' record may be played as many as five hundred times without any material depreciation in tone to the average ear,"** and of course after this the records are then by no means worn out, there being only a slight depreciation in tone to the average ear, and may be used for a long time for ordinary amusement and purposes of ordinary use in the home.

CLAIM 35, A TWO-ELEMENT COMBINATION.

The two elements in this claim are:

(1) "A travelling tablet having a sound record formed thereon"; and

(2) "A reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same."

These are the two elements which comprise the "*sound-reproducing apparatus*" of the claim.

This, notwithstanding the statement of Edward F. Leeds (Contempt R., p. 37), quoted on page 18 of defendant's brief accompanying the petition for writ of

certiorari, in support of defendant's position. Mr. Leeds states, *inter alia*:

> "The sound-record is not a part of the sound *reproducing apparatus.*"

With all due respect to Mr. Leeds, claim thirty-five says that the "*sound reproducing apparatus*" consists of the "*traveling tablet having a sound record formed thereon,*" which is the record, and "a *reproducing stylus* shaped for engagement with said record and free to be vibrated and propelled by the same."

This Honorable Court will, therefore, see that we have in this claim thirty-five, which performs the functional method of claim five, *a delicate reproducing stylus,* which while it may have a substantial, durable mounting, so as to allow it to be vibrated and propelled by the record, is a delicate mechanism as compared with the record formed in hard, durable materials.

Apart, however, from the question of the permanency of the reproducing stylus, mounted to be free to be vibrated and propelled by the record, the *Complainants' Records, sold with its reproducer, and for use on its reproducer, are not of a temporary and perishable character, and there is no reliable evidence in this case to support this proposition.*

As before noted, we are considering *acoustical instruments for reproducing sound, which necessarily are of a more delicate character* than machines for rolling railroad rails or milling machines, and may be more readily destroyed and injured by abuse and improper use.

RE DURABLE CHARACTER OF COMPLAINANTS' RECORDS.

The durable permanent character of complainants' records is so apparent, from an inspection of the rec-

ord itself, such as "Compalinants' Exhibit, Complainants' Records," that proof of the fact would seem hardly necessary. Complainants, however, in order to avoid any question, have introduced clear and conclusive evidence of this fact.

MR. MIDDLETON'S TESTIMONY AS TO THE DURABILITY OF COMPLAINANTS' RECORDS.

The affidavit of Albert C. Middleton shows that he has made a special study and test as to the durability of complainants' records, from time to time, at frequent intervals for a period of three of four years past (Middleton affidavit, Con. Rec., pp. 26-27). It was Mr. Middleton's object to see that the material of complainants' records was always up to **complainants' standard,** which is the best. Mr. Middleton, as shown, is, and has been Secretary of the Victor Talking Machine Company since October, 1901. He says, in regard to the material of which complainants' records are composed (Con. Rec., p. 27):

> "The material of which the complainants' records are and have been made since the complainants have been manufacturing records is of the best and most durable character known to us for this purpose."

Mr. Middleton shows how he frequently made tests of complainants' records to find out whether the material was up to standard, and whether the material tended to wear in the reproducing of the recorded sound, and says (Con. Rec., p. 26):

> "I often take a record out of our stock as a sample record and spend practically a whole afternoon and evening continuously testing it on one of

> our reproducing machines, playing the selection over and over again, to ascertain whether the material of the record disc is kept up to our standard, besides other numerous and frequent tests which I make with different records at different times for like purposes. I have been doing this at frequent intervals for three or four years."

Mr. Middleton also states (Con. Rec., p. 27):

> "As a result of my tests, I can positively affirm that complainants' records can be played 250 to 300 times under ordinary conditions, *without any appreciable wear or depreciation in tone.* This is a very conservative estimate; it is my opinion that complainants' records may be played as many as **500 times without any material depreciation in tone to the average ear.**"

Mr. Middleton also shows that some infringing records, may show some wear after being played 50 or 60 times, on account of the poor material used. (Contempt Record, p. 27).

Mr. Middleton also points out that the statement made in Defendant's affidavits, such as that of Leo Moeller, (Contempt R., p. 65) that the stylus cuts and wears down the edges of the surface of the record is very misleading and inaccurate, and shows that the point of a properly formed needle, such as those used by the complainant, is specially ground and shaped so as not to cut the record. (Contempt Rec., p. 27.)

He also shows that the statement of Edward F. Leeds, in his affidavit of November 28th, 1906, to the effect that a record can only be played 25 or 30 times, (Contempt R., p. 38) is most inaccurate, if it refers to complainants' records. (Contempt Rec., p. 26.)

The fact that the defendant may manufacture and sell disc records for use in the combination of the patent which *are of inferior material*, and wear appreci-

ably after a few reproductions, has nothing to do with the proposition here involved.

The fact is that complainants' records are of hard, durable material and will last almost indefinitely without appreciable wear.

It must be borne in mind also as frequently pointed out and admitted by defendant, that the complainant usually sells with its machines a number of its records, not one record, and that as shown by the affidavit of Mr. Middleton (Contempt Record, p. 22), *the owner of one of complainants' reproducers expends very much less for his machine than he does for his collection of records purchased from the complaniant;* that while $25 may represent the price of the machine, the owner of that machine in a short space of time will expend as much as $100 for records, or four times as much for records as for the machine. Mr. Middleton here shows that the revenue, therefore, to the Victor Talking Machine Company from records forming a material element of the combination in suit, is frequently very much larger than the revenue from the reproducer alone.

THE PATENT DESCRIBES HARD DURABLE RECORDS.

As shown by the Berliner Patent No. 534,543, (Inj. Rec., p. 452) *in suit, it was intended that these Berliner records, or "traveling tablet having a sound record formed thereon," should be, and were described to be, of hard, durable material.*

The specific record referred to in the patent in suit, No. 534,543, from which the sound was reproduced in the combination of the reproducing apparatus of claim thirty-five, was a zinc disc with a laterally undulating record of even depth etched therein. This record, and the particular method of making it, is de-

scribed on pages 4 and 5 (Inj. Rec., pp. 459 and 460) of the patent No. 534,543, in suit. It states (page 4, line 14, etc.), "a record tablet prepared in the manner described in my aforesaid Letters Patent, is then placed upon the tablet 4 and clamped to the same as hereinbefore described—" The before described Letters Patent referred to are the Berliner record patent No. 382,790, of May 15th, 1888, referred to on page 1, line 15, of the specification.

This patent No. 382,790, (Inj. Rec., p. 434) was for the process of producing these sound records, which patent states on page 1, line 19, etc.:

> "My present invention is an improvement upon that described in my aforesaid patent; (an earlier patent of Berliner, No. 372,786, Inj. Rec., p. 416) and it has for its object the production of a record of sound-waves in solid, resisting material, principally metal, by the process of direct etching; whereby a solid unchangeable sound-record is obtained more cheaply and more readily—"

This Berliner patent No. 382,790, also states, page two, line thirty-one, etc.:

> "From a record produced in the manner described any number of copies may be obtained by electro-deposition, especially if the original record is etched in metal. In that case, however, I have found it is advisable to burnish the original record groove before the plate or cylinder is placed into the depositing bath. This is a very simple process, and consists in holding and gently pressing a pointed burnishing tool in the record groove while the plate or cylinder is rotated."

It is thus seen from the specification of the patent in suit, No. 534,543, and from the Berliner Patent No. 382,790, referred to in the patent in suit, that the "traveling tablet having a sound record formed there-

on," or record disc, of claim thirty-five, was intended to be *a durable, substantial record,* and was and is such.

By reference also to the Berliner patent No. 548,623, the record claims of which were adjudicated by Judge Hazel in Victor Co. *v.* American Graphophone Co., (140 Fed. Rep., 860) to be confined to hard rubber, it is seen that Mr. Berliner always contemplated that these records, with the laterally undulating groove of even depth, should be made in *hard, durable material.* These records were what are called duplicate records, being pressed from a matrix of the original record in this hard rubber like material. While these record claims of the Berliner patent No. 548,623, specify hard rubber, the specification in referring to other materials which could be employed, referred only to hard, durable materials, among others celluloid.

If the complainant had sold wax disc records of the zig-zag type, the defendant would have more ground for its contention that the complainants' records were perishable and temporary.

MR. KENNEDY'S TESTIMONY AS TO DURABILITY OF COMPLAINANTS' RECORDS.

In this present suit, on the motion for preliminary injunction, Mr. Kennedy, complainants' expert, states (Injunction Record, p. 60, fol. 178), in reference to the record exhibits in this case, that the record discs are "*made of hard indestructible material,* in the faces of which are impressed a spiral record groove of even depth with lateral undulations." Mr. Kennedy also shows that the record exhibits in the case of Victor Talking Machine Co. *v.* American Graphophone Co. (140 Fed. Rep. 860), affirmed by the Court of Appeals for the Second Circuit (145 Fed. Rep. 350), were also

made "of hard material having in its face a spiral groove of even depth with lateral undulations."

The affidavit of Albert C. Middleton on behalf of complainants in the injunction proceeding in this present suit (Injunction Record, p. 51, fol. 153), states that "Complainants' Exhibit, Complainants' Sound Record, is a flat disc of *indestructible material,* in the face of which is a spiral groove of even depth having lateral undulations representing the sounds to be reproduced."

Judge Hazel in rendering the decision in Victor Co. *et al., v.* American Graphophone Co., 140 Fed. Rep. 860, (Injunction Record, p. 67, fols. 198-199), showed that Berliner's process of recording and reproducing, such for instance as described in the Berliner patent No. 564,586, (Inj. Rec., p. 465) differed essentially from the phonograph and graphophone, and states:

> "The specification described a process by which the sounds were inscribed upon a layer of non-resisting material; which was afterward copied in *non-yielding material,* from which the sounds were reproduced."

THE TESTIMONY BEFORE THE COURTS BELOW IN THE AMERICAN GRAPHOPHONE CASE RE DURABILITY OF THE RECORDS.

As shown by Mr. Kennedy's affidavit in this case (Inj. Rec., p. 60, fols. 178 and 181), the Complainants' Exhibit, Complainants' Sound Record in the case at bar, and the complainants' and defendant's sound records in the suit against the American Graphophone Company, cited by the Court of Appeals for the Second Circuit, (145 Fed. Rep. 350), are the same, and made of ***hard, indestructible material.***

In the said American Graphophone case, the evidence of Joseph Lyons, which was before the Court in

that case, showed that the complainants' sound records were made in hard, resisting material. He also showed, (Transcript of Record, p. 19, American Graphophone case which is submitted to this Court) that Mr, Berliner deviated from prior processes, and, among other things, formed the record in hard, resisting material.

On page 27, (Transcript of Record American Graphophone case) Mr. Lyons, shows that the record tablet exhibit in the American Graphophone case is "a record tablet consisting of a flat disc of hard, resisting material. * * * This sound record tablet is a circular disc of hard, black material, which has in its upper face a laterally undulating spiral groove of even depth."

Mr. Lyons shows, (on pp. 27, 29 of Transcript of Record, American Graphophone case) that the complainants' records and defendant's records are exactly the same.

Mr. Lyons also states, in referring to Mr. Berliner's invention (XQ. 13, p. 34, Transcript of Record, American Graphophone case), that Mr. Berliner started with a Scott Phonautogram, and his first proposal was to reproduce that in hard material by process of photo-engravings.

In the case of Victor Talking Machine Co. *v.* American Graphophone Company, suit on Berliner hard rubber record patent, No. 548,623 (145 Fed. Rep. 189, referred to in Mr. Hick's affidavit, Contempt Record, p. 70), recently affirmed by the Court of Appeals for the Second Circuit, the Court said, as to the exhibit records:

> "The sound records which were claimed to infringe complainants' records were manufactures of shellac and heavy earthy material covered with lamp black. In appearance they were similar to the sound records in suit. The substances used by the defendant in the manufacture of sound records are claimed by complainants to be the equivalent of hard rubber."

The Court of Appeals for the Second Circuit, in the decision of Judge Townsend, (151 Fed. Rep. 601) affirming Judge Hazel, in this connection said, referring to defendant's records:

> "Defendant's material, which is a manufacture of earth and shellac, is similar to the hard rubber of the claims in the fact that it is impressible when soft and *hardens when cold.*"

The testimony of Mr. Lyons in the American Graphophone Case, in referring to the defendant's disc record, said:

> "The material is not only hard, so hard as to exclude the possibility of cutting the sound grooves into it—."

Mr. Lyons was showing that the sound groove was pressed into the material while heated, which became hard upon cooling under pressure.

RE DEFENDANT'S AFFIDAVITS.

The affidavit of Edward F. Leeds is the only one which states that the material of which *complainants'* records have been made wore perceptibly in the reproduction of the sound.

The attention of this Honorable Court is particularly asked to the affidavits of the defendant upon which defendant's counsel bases his contention that the complainants' records are perishable and temporary. The defendant's counsel bases his contention upon three affidavits; one of Edward F. Leeds (Contempt Record, pp. 30 to 40; Defendant's Brief, accompanying the Petition for Writ of *Certiorari*, p. 18); the affidavit of Lewis H. Bunker (Contempt Record, pp. 60 to 62; Defendant's Brief, accompanying the Petition for Writ of *Certiorari*, p. 21); and the affidavit of Mr. Leo. Moeller

(Contempt Record, pp. 65 to 67; Defendant's Brief, accompanying the Petition for Writ of *Certiorari*, p. 21).

A careful reading of the portions of these affidavits, quoted in the Defendant's Brief, accompanying the Petition for Writ of *Certiorari* shows that Edward F. Leeds, the President of the Defendant Company, is the only witness who swears that *complainants'* sound records could be used only a very limited number of times for reproducing sound. This witness is the only witness who swears to this effect regarding *complainants'* sound record.

This is the only witness who swears that complainants' records, after a few playings, become gray in appearance, alleging that the friction of the needle has chipped off the edges, cut into the smooth finish of the surface, and otherwise wore out the material. This witness Leeds also makes the false and unwarranted statement that in complainants' records, the deterioration rapidly increases until soon the record is useless.

The worthlessness of this witness's statements is also illustrated by a further statement made (quoted on page 20 of Defendant's Brief accompanying the Petition for Writ of *Certiorari*), regarding the records of one of this complainants' competitors, the American Graphophone Company, wherein he says (Contempt Rec., p. 38, fol. 64):

> "Records made by complainants' licensees, the American Graphophone Company, ordinarily cannot successfully be reproduced more than twelve or fifteen times, and the same is true of similar records made by the American Record Company."

That this is untrue is apparent from the most casual examination of these records. These disc records of the American Graphophone Company have been

before the courts frequently, and were in evidence in the suit of the Victor Co. *v.* The American Graphophone Co.

The character and value of this affidavit may be judged from these statements.

This Court will observe in reading Mr. Leeds' affidavit, that while he states (Contempt Rec., p. 38) that certain disc records will wear out in 25 or 30 reproductions *unless made of proper material*, he also says that often a single reproduction, or two or three reproductions, will destroy a record by reason of the quality of the material, and that sometimes records become useless after being played ten or twelve times. *He does not make these statements against complainants' records.* He says (Contempt Rec., p. 38) that in exceptional cases the records can be played as often as 50 or 60 times. He does not here state that this is the limitation on complainants' records.

The attention of the Court is also called to his statement that it takes but a minute, or two, to play a record. (Contempt Rec., p. 38.) Therefore, according to his statement one of these records would be worn out in an hour, or at most two hours, if played continuously.

The fact is that these complainants' records are practically indestructible, and last well for years with ordinary care.

Of course, a record may break or become destroyed by accident, which is liable to happen to any patented construction. It is also true that a record may be destroyed by a sharp tool improperly used. A hatchet would be a very good thing for this purpose.

Another thing Mr. Leeds states against the record is, (Contempt Rec., p. 38) "Another reason why the record is intended to be but a temporary part of the machine is that after the record has been played several times *it becomes tiresome.*"

Mr. Leeds, however, (Defendant's Brief, accompanying the Petition for Writ of *Certiorari*, bottom of page 20), refers to the problem which complainant has solved. He states (Contempt Rec., p. 38, fol. 64):

> "Hence one of the problems in the record making art is to secure a material so perfect that it will withstand the friction of the needle a greater number of times."

The complainants, as shown by the affidavit of Mr. Middleton (Contempt Record, p. 27), have solved this problem of securing the best and most durable material.

Edward F. Leeds, President of the Defendant Company, in Contempt, in American Graphophone Co. v. Walcutt, et al.

Judge Wheeler, in the United States Circuit Court for the Southern District of New York, in which district the present suit was commenced, in the case of the American Graphophone Co. *v.* Walcutt, *et al.*, 86 Fed. Rep., p. 408, held Cleveland Walcutt and Edward F. Leeds in contempt for violating the injunction order of that Court, in that case restraining Walcutt, *et al.*, from infringing the Bell and Tainter Patent, No. 341,214, and the Tainter Patent, No. 341,288, by making and selling cylindrical talking machine records.

The defendants committed the acts in contempt as officers of a corporation organized while the original case was under advisement, but the court held that that did not make their acts any less a violation of the injunction. In the contempt proceedings in that case, Edward F. Leeds, now the President of the Leeds & Catlin Co., and Cleveland Walcutt, contended that because they bought a licensed recording machine they had a right to duplicate a record made on this recording machine which duplicated records were made in

accordance with the claims of the patents which they were enjoined from infringing. The court held them guilty of contempt.

Re Affidavit of Louis H. Bunker.

(Contempt Record, p. 60; Defendant's Brief accompanying the Petition for Writ of *Certiorari*, p. 21.)

It will be noted that this portion of Mr. Bunker's affidavit quoted in Defendant's Brief is the only portion which refers to the question of durability of sound records, and that *nowhere in his affidavit is any reference made to complanants' records.* The statement of Mr. Bunker is a general statement, and nowhere specifies the character, or durability, of *complainants'* records. Mr. Bunker states, (Contempt Rec., p. 61), "Often from 10 to 15 reproductions will wear out and destroy the record." *He does not say that this is true of complainants' record;* it is possible that some records might be so constructed in conjunction with some machine as to wear out and become useless in that time, especially if it was intended for the purpose of wearing out.

The character and value of Mr. Bunker's affidavit may be judged from the statement, "it is the practice to replace the record after one or two playings." (Contempt Rec., p. 61.)

If Mr. Bunker means by this that the custom is to change the record for the purpose of hearing another selection after one or two reproductions, he may be right, but it is hoped that the Court will not be misled by this statement.

If he means that the records are usually replaced after one, or two, playings, because they are worn out, of course, the statement is ridiculous.

Re Affidavit of Leo Moeller.

This affidavit is contained in the Contempt Record, p. 65 and the portion relating to the durability of a record quoted in Defendant's Brief, accompanying the Petition for Writ of *Certiorari*, p. 21. The portion quoted in Defendant's Brief is the only portion referring to the durability of the records. Like Mr. Bunker, this witness makes *only a general averment*, that flat disc records generally are of a temporary character, *without any specific reference to complainants' records.*

He says (Contempt Rec., p. 67), that the "lasting qualities of the flat disc sound records having lateral undulations depend upon the material of which the tablet is composed, and upon the perfection of manufacture of the record." This may be quite true, but his following statement is absolutely inconsistent when he says, "All such records are made substantially to-day of the same material." It is shown by defendant's other witnesses that the materials, at least as to their lasting qualities, vary very widely. *This witness, as before stated, does not specify complainants' records, and nowhere states anything regarding the durability of the material of which Complainants' records are made.* He thinks that a record might be destroyed the first time it is played.

He also states (Contempt Rec., p. 67) that it might be played thirty times, and that often ten or fifteen reproductions will destroy a record. He also states that records may be played from fifty to sixty times. (Contempt Rec., p. 67.)

As before noted, not one of defendant's affidavits, outside of Edward F. Leeds', makes any direct reference to complainants' records, and not one of defendant's affidavits, except Leeds', denies the complainants' proofs that complainants' records are made of hard, indestructible material, and may be reproduced, as many as 500 times without the average ear detecting

any material depreciation in tone. The attention of this Honorable Court is also called in this connection to the defendant's record label referred to on page 145 of this Brief, where defendant itself states: **"This record is made from the very finest material, and can be heard many times without deterioration."**

The durability, and practical indestructibility, of complainants' records was one of the features of this gramophone type of reproducing apparatus which particularly was called to public notice at the time they first came into use, as distinguished from the wax like records of the phonograph and graphophone.

USUALLY A NUMBER OF COMPLAINANTS' RECORDS ARE SOLD WITH COMPLAINANTS' REPRODUCER.

We have been considering the great durability and life of a single record. When, however, we take into consideration the fact, which is not denied by the defendant, and which is proven by complainants' affidavits, that each purchaser of complainants' reproducer usually buys with the reproducer a number of complainants' records for use in the combination of claim thirty-five, in carrying out the method of claim five, we find the durability and permanency of the combined apparatus increased in very large proportions.

Mr. Middleton says (Contempt Record, p. 22):

> "A purchaser of a machine or reproducing apparatus, for use in reproducing from the record, frequently expends very much less for the machine than he does for his collection of records, as records are being constantly purchased by the purchaser of a machine from time to time—".

Mr. Middleton also shows that while a purchaser may expend $25 for a reproducer, in a short space of time he will frequently expend at least $100 for records.

If the records cost $1.00 apiece, under these conditions the purchaser would have 100 records, and if each record, as Mr. Middleton testifies, (Contempt Rec., p. 27) is capable of at least 500 reproductions before even any deterioration in tone to the average ear, the purchaser would have complainants' patented apparatus capable of reproducing at least *fifty thousand reproductions* before any perceptible deterioration. A popular price of records is sixty cents, and some of them are sold at thirty-five cents. If sold at sixty cents the purchaser making an expenditure of $100 for records would have 166 records, capable of 83,000 reproductions before any appreciable deterioration. This would represent almost a lifetime as far as the durability of the records was concerned, as a user of a talking machine, while he may play it a great deal, does not play it all the time.

THE WEIGHT OF THE EVIDENCE

We see from the weight of the evidence that the complainants' records are made of practically indestructible material, and that even a single record is capable of almost indefinite use without any depreciation in tone to the average ear.

If there is no depreciation in tone to the average ear for 500 reproductions, *it follows that the same record may be used almost indefinitely for ordinary amusement purposes.* The purchaser of a dozen of complainants' records with complainants' reproducer, forming the combination of claim thirty-five, would have an extensive repertoire, lasting for several years, unless the records were abused, and abuse will destroy any device. Increase his repertoire by the additional purchase of complainants' records to 25, 50 or 100 and, as before stated, his records will last for an indefinite period.

There are very few patented combinations in the musical class which will give longer wear, and more durable results and satisfaction than this combined reproducing apparatus of claims five and thirty-five.

As stated by Judge Lacombe in deciding this Contempt proceeding (Contempt Record, p. 74), new records are "bought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs."

RE ALLEGATIONS CONTAINED IN DEFENDANT'S AFFIDAVITS GENERALLY.—BRIEFLY REVIEWED.

Affidavit of Edward F. Leeds (Contempt Record, page 30, etc.).

Mr. Leeds shows, among other things, that he is the president of the defendant company, and that the right to sell sound records, independently of the reproducing apparatus, was not passed on in the prior suits; he says that the Leeds & Catlin Company never manufactured talking machines, but was exclusively a manufacturer of sound records. He says that the talking machines which the defendant sold prior to suit brought were some Talk-O-Phones which the defendant company had purchased from the Ohio Talking Machine Company. He shows in substance, that the defendant company is manufacturing only records now, which is the same business it was engaged in before the injunction. He alleges that the defendant discontinued *the use* of all sound reproducing machines, except "mechanical feed" machines, after the injunction. He says that on October 15, 1906, the defendant bought one hundred mechanical feed machines from the Talk-O-Phone Company, Contempt Record, page 31, which was three days after the decision of the Court of Appeals.

While Mr. Leeds, Contempt Record, p. 31 says that the defendant began to use and sell its sound records in connection with the feed device machines, there is nothing in the affidavit to show that the defendant ever sold such machine, or that any such machines are on the market. Whether he had seen such a machine, and may have owned such a machine is, of course, another question. Mr. Leeds does not deny that the records were sold over the counter since the injunction, similar to the records sold prior to the injunction, without inquiry as to how, or on what machine they were to be used except in a general way, nor does he deny that since the injunction sales were made to the purchasers set forth in the complainants' affidavits. He says that he was advised by counsel, Contempt Record, p. 31, that the "mechanical feed" machines were not an infringement. Mr. Leeds also states that the defendant had purchased necessary tools for the manufacture of "mechanical feed" devices similar to the Talk-O-Phone, Contempt Record, p. 32, and is now engaged in manufacturing such machines for use and sale, but does *not allege any definite sale*. Mr. Leeds also states that the Talk-O-Phones have been extensively advertised, and that he once saw a "mechanical feed" machine in the Imperial Hotel, in November, 1905. Contempt Record, p. 32.

He also shows that since the injunction the defendant has advertised its records in the New York Herald, of November 23, 1906, and in the Talking Machine World of November 15, 1906, Contempt Record, p. 32, and refers in said advertisements to some kind of a "mechanical feed" machine. The attention of this Honorable Court is directed to these advertisements, Contempt Rec., p. 58, as they are misleading, and are evidently gotten up for this purpose. In neither of these advertisements does the defendant state that these

machines *are on sale;* a reference to them is incorporated therein manifestly for the purposes of excusing its advertisements of its records.

Mr. Leeds also refers to a label which he says defendant had adopted "and is now putting upon its sound records, * * * stating that the record is sold for use on mechanical feed machines". Contempt Record, p. 32. The Contempt Records, produced by the complainants, did not have these labels thereon, and Mr. Leeds does not state that they have as yet been put upon the records, but does say; (Contempt Record, p. 32):

> "Very likely the employees of the Leeds & Catlin Company had not had sufficient time to put the annexed label upon said records—."

A considerable portion of Mr. Leeds' affidavit is devoted to his prior knowledge of graphophones, phonographs, and gramophones, and devices having mechanical feeds. Mr. Leeds also states Contempt Record, p. 34, that "The Valiquet Novelty Company, of 50 Columbia Street, Newark, New Jersey, is preparing to manufacture and sell disc talking machines employing disc sound records having lateral undulations and a mechanical feed device—." He does not, however, state that they are on the market.

While Mr. Leeds' affidavit denies the statements in certain of complainants' affidavits, to the effect that the disc sound records, such as defendant's disc sound records, can only be intended for use in combination with reproducing apparatus or machines, such as complainants', he does not point out, or testify, that there is any reproducing apparatus upon the market, or in general public use, upon which defendant's Contempt Records could be used. He makes a general statement that such disc sound records have been continuously used from a date prior to the invention of the patent in suit down

to the present time upon mechanical feed device machines, but he fails to specify where, or how, or how many of the same he has seen, or are on the market. It is a mere general statement, upon which no reliance can be placed, Contempt Record, p. 34. He also says that many of the defendant's records are sold for export, Contempt Record, p. 35, but that, of course, has nothing to do with those which are not sold for export.

He also claims that the sale of a reproducing apparatus by complainants implies a license to the purchaser to use infringing records. (Contempt Record, p. 36 and 37.) Mr. Leeds also claims that the records are perishable, and have to be renewed, and can only be used a comparatively limited number of times, as before considered. (Contempt Record, p. 38.)

Mr. Leeds, the president of the defendant company, admits that the defendant and its officers have been advised by counsel, Contempt Record, p. 39, "that it cannot sell sound records to be used to complete an infringing machine; and that it cannot do any act which, taken in connection with the act of another person, not acting under authority of the complainants, would constitute an infringing act."

As shown, the defendant company, and its president, have willfully violated this advice by selling records since the injunction, with the knowledge that they were to be used in an unlicensed manner, as hereinbefore pointed out.

Mr. Leeds makes reference to the date of "November 4th", Contempt Record, p. 39, of a letter referred to in the Platz affidavit. It is clear that this date should have been November 14th, which is the date of the letter containing the order referred to and not November 4th, a mere clerical error. The fact is that Platz ordered the goods, and they were sold to Platz as set forth in his affidavit.

The very facts of the case as shown by the proofs, make it appear clearly that the defendant was wilfully negligent in its acts relative to the injunction, and that the contempt sales were not inadvertent.

Re Affidavit of Louis H. Bunker (Contempt Record, pages 60, etc.).

A large part of Mr. Bunker's affidavit is devoted to trying to prove that he was the party who waited upon Messrs. Bennett and Thompson, at the time of purchase of the Contempt Records, referred to in Bunker's affidavit, and that he was not an employe, or servant, or official of the defendant company, and that what he said, therefore, did not bind the defendant; he attempts to show that the conversations with Bennett and Thompson were not correctly reported. A careful reading of this affidavit is requested, as we submit it very clearly illustrates some of the devices and designs of the defendant company in its efforts to free itself of contempt, after the contempt acts have been committed.

The facts set forth in the affidavit of Mr. Thompson, on the occasion of the joint visit of Thompson and Bennett to the defendant's store, relative to the purchase of the contempt Records, is fully corroborated by Mr. Bennett. It is submitted that Bunker's excuse that he was not an employe of the defendant company, though he undertook to act for it, relative to the sale of the goods in the defendant's store, is a very suggestive one. He admits (Contempt Record p. 60), that Bennett and Thompson did ask him whether the defendant's records could be used on machines of the manufacture of the Victor Talking Machine Company. Thompson testifies (Contempt Rec., p. 18), relative to this inquiry, that the salesman from whom he purchased the goods on the occasion referred to,

said that they could be used on such machines. Bennett also corroborates this, in his affidavit No. 2 (Contempt Rec., p. 19-20).

The Bunker affidavit also refers to an alleged understanding by some that a purchaser of a Victor Talking Machine, was at liberty to purchase infringing records. While Bunker also refers to the so-called "mechanical feed" devices, he nowhere testifies that such machines were or are on the market, or in general use.

Re Affidavit of Loring L. Leeds, generally (Contempt Record, pages 63, etc.).

Mr. L. L. Leeds states that he agrees with the statements made by Mr. E. F. Leeds, S. H. Bunker and Leo Moeller. He refers to the so-called "mechanical feed" machine of the Valiquet Novelty Co., stating that he is informed by officers of that Company, that they are prepared to manufacture, and sell, a "mechanical feed" device, though he makes no statement that such machines have been sold, or are on sale. He refers to the prior art, which is a matter that has been passed upon on the motion for preliminary injunction, and also refers to the facts that some of the defendant's records are sold for export. He, nowhere, states, however, that the so-called "mechanical feed" device is on the market, or on sale.

Re Affidavit of Leo Moeller (Contempt Record, pages 65, etc.).

Mr. Moeller shows that he is employed by the Leeds & Catlin Co., and states that flat disc records could be used on a "mechanical feed" device, and treats, somewhat at length, on recording machines for disc, and cylindrical records having a feed screw, and

also refers to the Edison and Bell & Tainter patents, which were in evidence, and were fully considered in the Graphophone case, and in the motion for preliminary injunction in this case, and in the Talk-O-Phone case. He says he has seen a "mechanical feed" device, but nowhere states that such a machine is upon the market, or in general use. He says further (Contempt Record, p. 66), that the Valiquet Novelty Co., has recently offered to manufacture these "mechanical feed" devices for the Leeds & Catlin Co. He also shows that some of the defendant's records are sold for export.

Mr. Moeller also attempts to show that the disc records wear out very easily, though he admits that their durability depends upon the material of which the record is composed, and upon the perfection of manufacture of the record (Contempt Rec., p. 67). It is well known that disc records made in proper material, such as the complainants', will stand, without appreciable wear, even a couple hundred of reproductions.

The affidavit of Mr. Moeller also refers to the contentions made in the other affidavits, that purchasers of complainants' licensed reproducing apparatus has a right to use infringing records.

Re Affidavit of Louis Hicks (Contempt Record, pages 68, etc.).

Mr. Hicks, who is counsel for the defendant, refers (Contempt Record, p. 68-69), to the infringement in the suit against the American Graphophone Co., and also to Judge Hazel's reference in his opinion, in that case, to the Bell & Tainter patent, which, we submit has no bearing upon the question now involved, as questions of alleged anticipation had been disposed of.

Mr. Hicks contends that the question of infringement, in the case of the American Graphophone suit, was confined to the making, using and selling of machines and sound records, and in this case was confined to the sale, by the defendant, of an unlicensed machine, with sound records for use thereon, and that the question of the sale of records alone was not adjudicated before.

While counsel for complainants, as stated by Mr. Hicks (Contempt Record, p. 69), did set forth in his brief on the motion for injunction, that he presumed "that the Court does not desire, without the benefit of a full discussion, to say, upon these motions, whether these so-called 'mechanical feed' machines are, or are not, mere attempted evasions of claims 5 and 35 of the patent in suit," yet, as herein pointed out, in another portion of this brief, the defendant's counsel, in the Court of Appeals, very fully presented an argument in his brief, similar to that which he now here presents, regarding the so-called "mechanical feed" machine, and the effect of selling records which might be used in connection with such a "mechanical feed" machine (see Defendant's Injunction Brief, accompanying Petition for Writ of *Certiorari*, p. 191-197).

Complainants' affidavits on the injunction motion shows that such "mechanical feed" machines were not upon the market, and reviews the question on pages 26-27; 71 and 79, of this Brief, quite fully.

Therefore, while the *construction* of the so-called "mechanical feed" device was not seriously considered by complainants in the motion for preliminary injunction, *the fact that it was not on the market,* or in general use, was proven by complainants' affidavits, and discussed in its brief and doubtless considered by the Court.

As hereinbefore stated, the so-called "mechanical

feed" device is believed to be a mere attempted evasion of the patent in suit, and would not affect the question in any way, but the question of whether it is, or is not an attempted evasion, need not be discussed here for the reason that it can play no part in these proceedings, as it is clearly shown that these machines are not upon the market, and not in use.

Mr. Hicks also refers to the alleged mechanical feed machine and the prior art, and states that he advised the Leeds & Catlin Co. (Contempt Record, p. 70), as set forth in the affidavit of Mr. E. F. Leeds. Advice of counsel, we submit, however, under the authorities, is no excuse for the violation of an injunction order, as herein elsewhere set forth.

Mr. Hicks also refers to a proposed form of order submitted by complainants' counsel (Contempt Record, p. 69), relative to the decree. The fact is, however, that there was no material difference in the order submitted and the order entered, as will be seen by comparison of the same.

Mr. Hicks also refers to the decision of Judge Hazel, in 145 Fed. Rep. 149, in the suit of these complainants against the American Graphophone Co., restricting the Berliner Duplicate Record Patent, No. 548,623, to hard rubber (Contempt Rec., p. 70). This, however, has nothing to do with the sustained claims in this case, as Mr. Berliner had long before invented his record and reproducing apparatus, the subject-matter of claims 5 and 35, of the patent, in suit, No. 534,543, which record then consisted of an etched, or photo-engraved disc, or plate, from which the reproductions were made. The subsequent invention for producing these duplicate records in hard rubber or like material, was an improvement, and of later date and therefore, cannot affect the breadth or scope of the claims in suit. The Jones Patent, No. 688,739, re-

ferred to by Mr. Hicks (Contempt Record, p. 70), of December 10, 1901, had nothing whatsoever to do with the scope of the claims in this suit.

Mr. Hicks, in his affidavit, admits that the Talk-O-Phone Company, the defendant in the other sister suit to this, manufactured the reproducing apparatus, while the Leeds & Catlin Co., were solely engaged in the manufacture and sale of records (Contempt Rec., p. 71). It is apparent, therefore, that the Leeds & Catlin Co., since the injunction, continued making and selling records exactly as it did before the injunction, as it had previously never sold but very few machines.

DEFENDANT TRIES ALSO TO EXCUSE ITS CONTEMPT ON THE GROUND THAT COMPLAINANTS DID NOT ATTACH TO THEIR REPRODUCING APPARATUS, INCLUDING THE RECORD, ANY RESTRICTION WHEN THEY SOLD THEM TO PURCHASERS.

Just why the defendant makes this contention is not apparent, as clearly, a patentee of a patented article, such as the combination claim 35, in selling the combination and the parts, is not, by law, obliged to place any such notice of restriction upon his goods. Anybody who makes, sells or uses the patented combination without a license is liable to infringement. The defendant's counsel seems to contend that when complainants sell one element of the combination—the reproducer—with the other element of the combination—the traveling tablet having a sound record formed thereon, or record—without placing a restriction upon the reproducer at the time of the sale, the purchaser has a right to buy from one who is not a licensee as many additional traveling tablets having the sound record formed thereon (forming a most essential ele-

ment of the combination), to be used continuously or at intervals, in lieu of the original record, or alternately with the original record, to produce additional selections, whether the original record, or records purchased are broken, or worn out, or if the purchaser becomes tired of that selection.

If defendant's proposition is true, the complainants will have lost the value of the combination, and the decisions of the courts sustaining the combination as patentable and valid will be practically nullified.

As shown by Mr. Middleton's affidavit (Con. Rec., p. 22), and Mr. Haddon's affidavit (Con. Rec., p. 24), the manufacture and sale of these disc records, forming a most essential element of the combination, is the most valuable portion of complainant's business.

NO INTENTION BY COMPLAINANT BY SALE OF REPRODUCER TO LICENSE ANY ONE TO MAKE AND SELL RECORDS FOR USE ON THE REPRODUCER.

Mr. Haddon's affidavit also states (Con. Rec., p. 24):

> "The Victor Talking Machine Company, by the sale of its reproducing apparatus, never licensed, or intended to license, the purchaser, or anyone else, to supply the traveling tablet or record, the other element of the combination of claim 35, for reproducing sound in accordance with the method of claim 5."

As hereinafter more particularly shown (pp. 90-91 of this brief) there can be no implied license to the purchaser of the reproducing portion of the combination to buy or use infringing records, among other reasons, as complainants' reproducer is sold at a separate price, independent of the price of the complainants' records,

and complainants' records are sold at a price independent and distinct from the price of the reproducer.

When, therefore, the complainant sells a reproducer at a price distinct from the price of the record, *the purchaser is only paying for a portion of the patented combination. The profit for the reproducing element is only a portion of the complainants' profit for the patented combination,* and, therefore, by paying the price only of a portion of the combination, *the purchaser could not acquire a right to the whole combination,* and the whole combination is not, by a sale of a portion of the combination, relieved from the monopoly. Especially is this true in this particular case, where the complainant manufactures and sells, and stands ready to supply the other element of the combination, which is a large part of its business, and so advertises its readiness to the world, at large expense in monthly catalogues, newspapers, magazines, etc. (See Haddon affidavit, Con. Rec., pp. 22-24; Middleton affidavit, Con. Rec., pp. 20-22.)

Defendant also contends that as the disc records are not separately patented, but only patented in the combination with the reproducer, it is entitled to make and sell records for use in the patented combination. This is substantially the illogical contention set out in Defendant's Brief accompanying Petition for Writ of *Certiorari,* p. 28, etc.

The defendant also here substantially contends that because the complainants, or their licensees, have sold these disc records to the public without special restrictions contained thereon, the sale of this record, being one element of the combination, releases the combination from the monopoly of the patent.

In other words, the defendant in effect contends that the sale of a record, one element of the combination, without any restriction being placed thereon,

implies the right to the purchaser to make, or have made for him, by one who is not a licensee, the other element of the combination, the reproducer. This was expressly decided in American Graphophone Co. *v.* Amet (74 Fed. Rep. 789), where Judge Grosscup decided that the sale of a graphophone record did not imply a license to the purchaser to make a reproducer.

Defendant's counsel also contends, Defendant's Brief accompanying Petition for Writ of *Certiorari*, p. 29, that disc sound records, having laterally undulating grooves of even depth, belong, to the prior art.

This contention is not supported by the evidence; but even if it were, it would make no difference in this case, as the patented thing is the *new combination*, and the *new method or process.*

Defendant's counsel seems to base his contention, in this respect, on certain expired Berliner foreign patents, all of which have been considered in the Injunction proceedings in this case, and also on an Edison Patent, No. 1644 of 1878, and Bell & Tainter Patent, No. 341,214, all of which were thoroughly considered and passed upon in the Graphophone case, as well as in the Injunction proceedings in this case.

These questions were decided in Victor Company *v.* American Graphophone Company (140 Fed. Rep., 860, Inj. Rec., 63, and 145 Fed. Rep. 350; Inj. Rec., 73) and in American Graphophone Company *v.* Leeds (87 Fed. Rep. 873), Judge Shipman regarded the devices described in this Edison Patent as mere suggestions, and having no anticipatory effect.

RE SO-CALLED "MECHANICAL FEED" DEVICES.

The Defendant's Brief accompanying Petition for Writ of *Certiorari* (p. 31, etc.) endeavors to make it

appear that so-called "mechanical feed" devices, for reproducing sound from flat disc records, have been known for a number of years past.

As shown by the proofs the only mechanical feed reproducing machines in commercial use at the time of the suit and at the time of the Contempt proceedings, are the mandrel type of machine, of the phonograph and graphophone, for reproducing from cylindrical records.

The fact that Mr. Berliner, in his patent, No. 564,586, may have stated that that flat disc record recorded on the recording machine shown in Figure 1 of that patent, (Inj. Rec., p. 463) could be reproduced upon it, in no manner affects the situation in this case.

The only question here involved, in this connection, would be whether, at the time of the Contempt proceedings, mechanical feed machines were upon the market, and in common general use, upon which defendant's contempt records could be used, for reproducing, and that in the sales of the said contempt records the intent was that they should be so used on said so-called "mechanical feed" machines, and that they were sold for this purpose. There is, however, absolutely no evidence in this case that any such mechanical feed machines were in use and on the market, or, in fact, ever had been. Complainants' affidavits show conclusively that there were not. *There is no evidence of any records sold by the defendant to owners of such machines.*

Attention is called to the defendant's affidavits, especially that of Edward F. Leeds (Con. Rec., p. 31, etc.) and quoted in Defendant's Brief accompany Petition for Writ of *Certiorari* (pp. 32, 33), where it will be noted that while Mr. Leeds tries to create the impression that such so-called "mechanical feed" machines were sold, and in general use, he nowhere states

that the one hundred machines which the Leeds & Catlin Company are said to have purchaser from the Talk-O-Phone Company, in October, 1906, or any other such machines were ever sold by the defendant. They evidently remained in the possession of the defendant, and *there is no evidence of any sale of any such machines,* or their use, other than the statement of Mr. Leeds, to the effect that the defendant took over from the Talk-O-Phone Company (which was enjoined in the sister suit in this case), one hundred so-called mechanical feed device machines.

The affidavits of Mr. Middleton (Con. Rec., p. 21), and Mr. Haddon (Con. Rec., p. 23, etc.), show that the complainants' apparatus is the only one upon the market for reproducing sound from a record similar to the contempt records.

We submit that defendant's contention relative to the so-called mechanical feed machine is illogical and unfounded, and is merely devised for the purpose of trying to evade the decree, among others, for the following reasons:

(1) That this question was raised in the Circuit Court upon the argument of the motion for preliminary injunction before Judge Townsend, and the injunction granted nevertheless.

(2) That this question was raised on the appeal to the U. S. Circuit Court of Appeals specially in Defendant's Injunction Brief accompanying Petition for Writ of *Certiorari,* under Points Fourteen and Fifteen (pp. 191 to 198) and not deemed worthy of consideration by the Court, for the decree of the Court below was affirmed.

(3) That the so-called "mechanical feed" device of the defendant at best is a mere subterfuge, is a mere attempt to evade claims five and thirty-five; that it

does not evade them; that the merits claimed for it are spurious; that the device would work better without the so-called "mechanical feed" than with it, and that it infringes the claims.

(4) That the Contempt Records are exactly the same records in construction and operation as the infringing records sold by the defendant before the injunction, and that the question of whether such a record, if used on such so-called "mechanical feed" machine, would infringe the combination of claim thirty-five, or the method of claim five, is a question which is irrelevant to this contempt proceeding, as it was before the court in the injunction proceedings.

(5) That the so-called "mechanical feed" machines are not commercially upon the market, as shown by the complainants' affidavits, and even if a few such machines had been sold by the defendant since the injunction, or had been placed on sale at a few stores since the injunction (which we deny) this fact would not relieve the defendant from the effect of the injunction, restraining it from selling the apparatus and devices of claims five and thirty-five of the patent, such as the traveling tablet or record, for use in combination with the reproducing apparatus. The defendant in the injunction proceedings produced no evidence to show that the so-called "mechanical feed" machine was on the market—prior to or subsequent to the injunction; and they were not. The general sale by the defendant of its records after the injunction would, of course, be contempt.

(6) That the complainants' proofs show that the defendant, since the injunction, sold records to Thomas W. Luck, (Contempt Rec., p. 10); Charles M. Hemenover, (Contempt Rec., p. 12), and Charles K. Bennett, (Bennett affidavit No. 2), (Contempt Rec., p. 19) with-

out making any inquiry as to how, or in connection with what reproducing apparatus, the said records were to be used, and sold the same with the knowledge that the only reproducing apparatus in general use, amounting to hundreds of thousands of machines, was that constructed and operated in accordance with the claims of the patent in suit, and which could only be legitimately operated when in combination with complainants' records, forming the other element of the combination, and then only when the reproducing apparatus was manufactured by the complainants or its licensees. To assume that the defendants were excused from inquiry, or presume that they were to be otherwise used because the defendant claims it may have had a few so-called "mechanical feed" machines upon the market, sold since the injunction which we deny, is puerile and unworthy of consideration.

(7) The affidavits of Albert Platz, (Contempt Rec., p. 13); George M. Thompson, (Contempt Rec., p. 18), and Bennett affidavit No. 1, (Contempt Rec., p. 17) show that the defendant, since the injunction, sold, in the ordinary course of business, infringing records to these parties, with the knowledge, specially brought to the defendant's attention, that the purchasers had Victor reproducing apparatus, of the Victor Talking Machine Company, and in the case of the purchases of Thompson and Bennett, (Contempt Rec., p. 19), (Bennett affidavit No. 2), the defendant's representative told the purchasers that the defendant's records sold could be used on a Victor reproducing apparatus or machine. In the case of Albert Platz, (Contempt Rec., p. 13) they were sold to him with the knowledge that he was a dealer exclusively in Victor talking machines, and dealt in no other machines.

This Very Question was Fully Before the Circuit Court and the Appeal Court Upon the Injunction Proceedings.

The argument was presented in the Circuit Court and in the Court of Appeals by the defendant, that the Leeds & Catlin records could be used on the so-called "mechanical feed" machine, and therefore did not infringe. The device and the machine were illustrated in a cut accompanying Mr. Irish's affidavit (Injunction Record, p. 291), and described among other places in Irish's affidavit (p. 286, fols. 857-8—Hick's Aff. Inj. Rec., p. 96-97, fol. 286; Ensign Aff. Inj. Rec., p. 111-112, fols. 333-336, p. 114—fol. 342. Leeds' Aff. Inj. Rec., p. 293, fol. 878, p. 295, fol. 883).

We would call the Court's attention particularly to the argument of defendant's counsel in the injunction proceedings under Point Fourteen, Defendant's In-Junction Brief accompanying Petition for Writ of *Certiorari*, p. 191, etc., where he states, *inter alia*, referring to the records (p. 191):

> "Such records are capable of use with machines of various constructions. The proposition that the making and selling of such sound records can be an infringement of the patent in suit is untenable."

Defendant's counsel also states (Injunction Brief accompanying Petition for Writ of *Certiorari*, p. 191):

> "The threatening circular letter of complainant company (Inj. Rec., p. 211, fols. 632-633) and of complainants' counsel (Inj. Rec., pp. 212-213) indicate that it is complainants' contention, and that it is complainants' purpose to state to the trade, that all disc sound records are infringements of claims five and thirty-five of the patent in suit. In view of the great injury which has been caused to defendants by reason of complainants' threatening letters to the trade, and because the

contention is entirely without foundation, it becomes important, especially for the Leeds & Catlin Company, that this point be passed upon by the Court, should the Court for any reason hold that the patent has not expired, and that claims five and thirty-five are entitled to a construction broad enough to cover defendant's machines."

Defendant's counsel also states (Injunction Brief accompanying Petition for Writ of *Certiorari*, p. 194):

"Under the following point, it will be shown that the talk-o-phones operating with the aid of mechanical feed devices cannot possibly be construed as infringements of claims five and thirty-five of the patent in suit and that such talk-o-phones are likewise adapted for use with disc sound records having lateral undulations."

Defendant's counsel also states in this connection (Injunction Brief accompanying Petition for Writ of *Certiorari*, p. 194):

"In the affidavit of Leeds (Inj. Rec., pp. 293-296), it is fully shown that the contention of the moving affidavits that disc sound records having lateral undulations can be used only on machines made according to claims five and thirty-five of the patent in suit is untrue and that the contention of the moving affidavits that machines made according to claims five and thirty-five can be used only with disc sound records having lateral undulations is likewise untrue. Mr. Leeds points out the different kinds of records and talking machines that have been made and put upon the market and are upon the market to-day and shows that disc sound records having lateral undulations existed long prior to the date of the invention of the patent in suit, and that Berliner himself secured patents covering disc sound records and machines for reproducing sound from the same, and that all of Berliner's said patents have expired. To the same effect in the affidavit of Mr. Irish (Inj. Rec., pp. 285-288, fols. 853-862), and the affidavit of Mr. Ensign (Inj. Rec., p. 114).

The affidavit of Mr. Leeds, referred to in defendant's above quoted argument (Injunction Record, p. 293 to 296), states on page 293:

> "The Talk-O-Phones Exhibits A and B are such machines which are constructed according to the feed mechanism of the early prior patents and not according to the alleged invention of claims five and thirty-five of the patent in suit."

These so-called mechanical feed machines, marked "Exhibits A and B" were those produced by the defendant on the motion for preliminary injunction. In Mr. Leeds' attempt to show that such machines were in commercial use, he states, on p. 295 of the Injunction Record:

> "On November 2, 1905, at the Imperial Hotel in New York City, I saw the Talk-O-Phone such as Exhibit A, with a mechanical feed device in successful and perfect operation with records of different makes and I know that such machines have been extensively advertised for sale by the Talk-O-Phone Company."

It will be noted, however, that there is no evidence of a sale.

The defendant's counsel, on page 196 of his Appeal Brief, injunction proceedings, copy of which is attached to the Petition for Writ of *Certiorari* in the injunction proceedings, refers to the construction of this so-called "mechanical feed" machine, and states:

> "The construction and operation of the talk-o-phones with mechanical feed devices are described in defendant's affidavits (aff. Hicks, Inj. Rec., pp. 96-97; aff. Ensign, Inj. Rec., pp. 111-112, fols. 333, 336, p. 114, fol. 342; aff. Irish, Inj. Rec., p. 286, fols. 857-858; aff. Leeds, Inj. Rec., p. 293, fol. 878, p. 295, fol. 883). A copy of the description and claims upon an application for a patent therefor on behalf of the Talk-O-Phone Company is one of defendant's exhibits (Inj. Rec., p. 275). And

the machines, Exhibits A and B, show the talk-o-phones with the mechanical feed devices, which, as Mr. Irish states in his affidavit, have been advertised by the Talk-O-Phone Company at an expense of from $22,000 to $23,000."

As pointed out in Complainants' Appeal Brief in the appeal to the Court of Appeals in the injunction proceedings (p. 191), a copy of which accompanies complainants' brief in opposition to the granting of the writ of *certiorari* in said injunction proceedings this so-called mechanical feed machine has only been advertised since the first decision of Judge Hazel (September 28, 1905), sustaining claims five and thirty-five in the case against the American Graphophone Company, and the application for the patent for this so-called "mechanical feed" machine, referred to in Mr. Hick's affidavit for the defendant in the preliminary injunction proceedings (Injunction Record, p. 96, fol. 287) evidently was filed since that date, as Mr. Hicks there states that the first action of the Patent Office on the said application as dated March 8, 1906.

In considering the question of this so-called "Mechanical feed" machine in the injunction proceedings, complainants' counsel states (Appeal Brief, p. 192, a copy of which accompanies complainants' brief in opposition to the granting of the petition for *certiorari* in said injunction proceedings):

> "Manifestly, this alleged 'mechanical feed' device, however, is nothing but an attempt at evasion of claims five and thirty-five of complainants' patent in suit, and the mechanical feed has no useful function to perform. The device will operate better without it than with it.
>
> "The mere fact that the defendants have evidently gone to so much trouble and expense in devising the so-called 'mechanical feed' machine, is strong evidence of their weakness in the defense of the machines in the present motions. If they had

substantial belief in the defences which they now present upon these motions, they would have no need of resorting to such means as devising a way out through the assistance of the so-called 'mechanical feed' machine.

"It is obvious that the object of the getting up of this machine by the Talk-O-Phone Company, outside of any stock selling scheme, was to get away itself from the infringement of claims five and thirty-five of the patent in suit, which it manifestly believed were valid, and also to furnish an excuse to record manufacturers, such as Leeds & Catlin Company for making disc records, so that the Leeds & Catlin Company could argue that their records were intended for use on the so-called 'mechanical feed' machine, and, therefore, did not infringe the patent either by contributory infringement, or otherwise.

"This plan of the Talk-O-Phone Company, which was not materialized, as none of these 'mechanical feed' machines have been placed upon the market, is an obvious one, and, we submit, should be signally discountenanced by this Court.

"The fact is, as shown by complainants' proofs before referred to, that outside of the complainants' machine, there is no talking machine upon the market with which such records as manufactured by the Leeds & Catlin Company could be used, except the infringing machines."

The Court of Appeals, therefore, as well as the Circuit Court, had before it this question of the alleged mechanical feed device, in the injunction proceedings, and it has no place now in contempt proceedings. (See also p. 29 of this brief.)

RE DEFENDANT'S CONTENTION THAT IT HAS A RIGHT TO MANUFACTURE AND SELL DISC RECORDS FOR EXPORT TO FOREIGN COUNTRIES.

It is not seen how the decision on this point, one way or the other, affects the action of the defendant in selling records at its store in New York City, just as it had done before the issuance of the injunction, without inquiry as to how they were to be used, and with full knowledge that thousands of infringing reproducing apparatus had been sold, and were in use, which infringing reproducing device the defendant itself had sold, and also with full knowledge that these records were to be used and could only be used in the combination of the claims of the patent in suit.

The statement by defendant's counsel that there is no evidence to show that the defendant has assisted in any infringement, is unfounded for there can be no clearer evidence of infringement than, as above pointed out, that the defendant continued, without any change whatever, in the sale of records, *the same as it sold before the injunction*, and which it was enjoined from making, using or selling. The sale of these records at defendant's store, without any inquiry as to whether they were to be used on any one of the thousands of infringing machines that have been sold, some of which the defendant itself sold, *and also with full knowledge in other instances that they were to be used on machines of camplainants' manufacture*, is we submit conclusive evidence that these records so sold since the injunction were to assist in an infringement, and in violation of the injunction.

As before stated, the points in the order as set forth in defendant's said brief in the court below (a copy of which is attached to the petition for *certiorari* herein), will now be considered point by point.

RE DEFENDANT'S POINT ONE.

Defendant contends that the sound record is a perishable temporary element of the combination, and that, under the case of Morgan Envelope Co. v. *Albany Paper Co., referred to, the purchaser of complainants' combination of claim thirty-five has the right to replace the record, and any manufacturer has the right to make and sell to said purchasers such records for the purpose.*

This point is manifestly the main point of defendant's variously stated defences, and is contained on page 42 of the Defendant's Brief accompanying the Petition for Writ of *Certiorari* in these Contempt Proceedings.

The defendant's counsel appears to hinge his whole case pretty much upon the decision in the case of Morgan Envelope Co. *v.* Albany Paper Co., decided by Judge Wallace in 40 Fed. Rep. 577, and by the U. S. Supreme Court in 152 U. S. 425.

Judge Lacombe, finding the defendant in contempt (Con. Rec., p. 74), decided that the disc records of the present case were "wholly unlike the toilet paper in Morgan Envelope case (which was destroyed by single use)", and the substitution of the new record could not be "in any legitimate sense 'repairs' (see Davis Electrical Works *v.* El. Light Co., 60 Fed. Rep. 276)."

The position of the complainants in the present suit is not that they dispute, in any way, the law, as laid down in the Morgan Envelope Co. case, as applicable to the facts in that case, but that they contend, most strenuously, that the facts of the present case are absolutely different from those in the Morgan Envelope Co. case, and that the decision in the Morgan Envelope Co. case was never intended to be so sweeping and far reaching as to include the practically indestructible record disc of the combination of claim thirty-five.

As hereinbefore shown, the defendant has founded his defences upon a false premise, viz.—that the complainants' record is a perishable, temporary element, which the facts do not, and cannot, warrant.

Further, that if the complainants' record would, in time, wear, it is manifestly not a perishable temporary part such as contemplated in Morgan Envelope Co. case, where the toilet paper was intended, and expected *to be consumed and destroyed by a single use.*

Therefore, the consideration of this Point One of the defendant is rather one of fact than law.

As before stated, the complainants' position is that the decisions in this Morgan Envelope Co. case were never intended to, and cannot apply, to such elements as the practically indestructible disc records of claim thirty-five.

The permanency and durability of these disc records, has hereinbefore been fully considered, and need not here again be reviewed.

The defendant's brief accompanying the petition for writ of *certiorari* herein (p. 43, etc.), endeavors, by repetition, to emphasize the alleged temporary character of *complainants'* sound records, which fact, however, as hereinbefore pointed out, has not been proven by the defendant's affidavits, Edward F. Leeds (Con. Rec., p. 38) being the only one who makes any specific averment of this character, while, on the other hand, as hereinbefore pointed out, complainants' affidavits of Mr. Middleton, (Inj. Rec., p. 51), and Mr. Kennedy, (Inj. Rec., pp. 60-61), in the Injunction proceedings, and of Mr .Middleton, in the Contempt proceeding, (Contempt Rec., p. 27), in addition to the other evidence hereinbefore referred to, show these records to be made of indestructible material, and capable of almost indefinite wear before any appreciable deterioration in tone to the average ear.

We will, therefore, consider somewhat briefly, these decisions in Morgan Envelope Co. *v.* Albany Paper Co.

RE MORGAN ENVELOPE CO. v. ALBANY PAPER CO. (40 FED. REP. 577 AND 152 U. S. 425).

In the reproducing apparatus of claim thirty-five, the reproducing stylus, mounted so as to be free to be vibrated and propelled by the record, is a very delicate acoustical device for reproducing sound in combination with the traveling tablet having a sound record formed thereon, in the method set forth in claim five.

The traveling tablet has the sound record formed thereon in a continuous spiral groove of even depth, with the sound undulations in the side walls of the groove, and as heretofore shown,, is formed in hard, durable material. This traveling tablet is a very important piece of mechanism of the claim, which as the tablet revolves vibrates the reproducing stylus back and forth mechanically in a double cam-like action, at the same time mechanically propelling the reproducing stylus, by reason of the spiral of the record groove, from the periphery towards the centre in a substantially radial line. We see, therefore, that we have in this traveling tablet having the sound record formed thereon, a most important mechanical element of the combination, constructed to co-act mechanically with the reproducing stylus, the other element of the combination.

In this respect also it will be seen how very materially different this record element of the combination is from the toilet paper in the Morgan Envelope Company case, which was a *product* or material contained in a mechanically operated casing *to be fed out* by the mechanically operated casing *to be used up and consumed.* The toilet paper in the Morgan Envelope Company case, as held by Judge Wallace (40 Fed. Rep., 580), "*is one for temporary use only,*" which "*may be completely used up in a few days.*"

The toilet paper was akin to the wheat in the bins

connected with a patent milling machine, or the pulp in the vats connected with a patent paper-making machine, or the small blocks of chocolate in a patent nickle-in-the-slot vending machine, and such like cases where the material is designed *to be fed out to be used up.*

It is respectfully submitted that a careful reading of Judge Wallace's decision in the Circuit Court in this Morgan Envelope Company case will fail to disclose any statement of the law which would warrant such a construction as defendant's counsel has sought to place upon this decision of Judge Wallace, so as to make it apply to the disc sound records forming part of the combination of the claims in this suit.

Judge Wallace's decision was affirmed by the Supreme Court of the United States on appeal (152 U. S. 501), and we submit that a careful examination of the opinion delivered by Mr. Justice Brown fails to support any such construction or contention which defendant's counsel seeks to place upon it in this case. This Honorable Court stated, *inter alia:*

"The first defence raises the question whether when a machine is designed to manufacture, distribute or serve out to users a certain article, the article so dealt with can be said to be a part of the combination of which the machine itself is another part."

It is respectfully submitted that the attitude of the mind of this Honorable Court regarding this Morgan Envelope case is well illustrated in this connection by the reference which it makes to the log which is sawn in the saw mill; to the wheat which is ground in the rollers; to the pin which is produced by the patented machine; to the paper which is folded and delivered by the printing press.

The fact that the roll of paper in the claim in controversy in the Morgan Envelope Company case, while

included as an element of the combination, was a thing to be consumed which the machine fed out, was manifestly the underlying thought of the Court in very properly holding as it did, though this Honorable Court did not deem it necessary to decide positively this point, as the facts failed to sustain the charge of infringement. It also appears from the decision of the Supreme Court in that case, "that it had not been the practice of the plaintiff to sell its fixtures independently of its paper, and that they sold only to such parties as dealt in and used their paper."

The Supreme Court as well as the Court below, based the decision manifestly upon the theory that the paper was merely the material to be used up, that the fixture which distributed the paper was the real mechanical patentable combination, that the fixture which contained the paper having the knife and cutter therein with mechanism for severing the unwound portion, was the real substantial thing patented, and that the paper which was for consumable use was akin to the log to be sawn, or the wheat to be ground, or the paper to be folded and delivered in the printing press, etc., and that therefore, the fixture being the mechanical patentable feature or main part of the device, others had a right to supply the consumable paper for delivery from the fixture, in essentially the same way as the farmer would have the right to sell wheat to be ground in the patented mill, or logs to be sawn in the patented saw mill, or the manufacturer of book paper would have the right to sell the paper to be folded and delivered in the patented printing press. And this is conceding, as suggested by the Court, that the consumable paper formed a valid combination with the mechanical fixture.

This distinction made by both the Supreme Court and the Court below, regarding the consumable charac-

ter of the toilet paper was, of course, the distinction which caused the Court to decide as it did. This is evidenced, among other things, by the statement of the Supreme Court in considering the question of whether the sale of this consumable material—toilet paper—by an outside manufacturer to the user of the fixture, was an infringement, where it states:

> "We are of the opinion that it is not. There are doubtless many cases to the effect that the manufacture and sale of a single element of the combination, with intent that it shall be united to the other elements and so complete the combination, is an infringement. Saxe *v.* Hammond, Holmes 456; Wallace *v.* Holmes, 9 Blatch. 65; Barnes *v.* Straus, 9 Blatch. 553; Schneider *v.* Poultney, 21 Fed. Rep. 399——"

This Honorable Court then goes on to state:

> "But we think these cases have no application to one where the element made by the alleged infringer is an article of manufacture, perishable in its nature, which it is the object of the mechanism to deliver, and which must be renewed periodically, whenever the device is put to use."

The complainants' disc record forming part of the combination of claim thirty-five in the case at bar, manifestly comes under the above decisions cited in the opinion of the Supreme Court in the Morgan Envelope Company case. The complainants' record is not perishable in its nature in the sense in which the word "perishable" is used in the opinion, and further, it is a most essential mechanical element of the combination of claim thirty-five, as hereinbefore pointed out. Claim thirty-five has only two elements—the first is the traveling tablet having the sound record formed thereon with a laterally undulating groove, and, second, the reproducing stylus shaped for engagement with the record, and mounted so as to be free to be vibrated and pro-

pelled, the laterally undulating record groove in the traveling tablet operating to mechanically vibrate the end of the reproducing stylus back and forth in a double cam-like action, at the same time propelling the stylus point in a radial path from the periphery of the traveling tablet toward the centre.

It is almost impossible to understand how any one can logically argue that such a mechanism as complainants' traveling tablet having the sound record formed thereon, made in practically indestructible material can be likened to the sheets of toilet paper of the Morgan Envelope Company case, which are intended for consumption and use.

The Court likens again this paper for consumption and use to the log of the saw mill, if it were an element of the combination, and states:

> "This exhibits not only the impossibility of this construction of the patent, but the difficulty of treating the paper as an element of the combination at all."

From this last quotation it is manifest that this Honorable Court regarded the consumable paper as an improper element of a patentable combination.

The Supreme Court here further states:

> "In this view the distinction between repair and reconstruction becomes of no more value, *since the renewal of the paper is in a proper sense neither the one nor the other.*"

The Court then reviews the case of the Cotton Tie Co. *v.* Simmons, 106 U. S., 89, which is not a parallel case.

The Court further in referring to the toilet paper likens it to any product to be placed for delivery in a patented mechanism, and says:

> "The replacement is of a product which it is the object of the mecnanism to deliver."

The Court also refers to Wilson *v.* Simpson, 50 U. S., 109, where the thing to be replaced was the cutting knives of the planing machine, which, of course, from the character of the use, were constantly wearing out in the extremely hard usage which rotary knives are subjected to in being run at a tremendous velocity in planing boards of all kinds. This is based on the doctrine of repair of a minor part.

The major part of defendant's brief is interwoven with a consideration of this case of Morgan Envelope Co. *v.* The Albany Paper Co., and in an attempt to show that complainants' hard, durable records are to be likened unto the toilet paper designed for consumption and destruction in the Morgan Company case.

It would seem unnecessary to present any further argument upon this point.

Certain statements are made, however, in defendant's brief, which may be misleading, such as the statement in Defendant's Brief accompanying the Petition for *Certiorari*, p. 43, that complainants' records "may be worn out or broken or otherwise rendered unsatisfactory or useless within even the short space of an hour or a day. The record cannot be used in the sound reproducing apparatus for the reproduction of sound therefrom for any considerable number of times without the certain destruction of the record."

There is no reliable warrant in the proofs for this statement, unless it is the understanding that, of course, sound records, like practically all other patented things, may be destroyed and broken quite readily by improper use.

COMPLAINANTS' INTENTION RELATIVE TO THE RECORDS.

It is manifest from complainants' proofs that the complainants' intention in selling the reproducer and

records forming the two elements of the combination of claim thirty-five, to be used in accordance with claim five, was that the records should be durable and lasting. As shown by defendant's affidavits, some of complainants' records sold for as much as $5 apiece. These are records containing high-priced talent, the complainant frequently paying the talent for one selection as much as $1,000.

It is an unthinkable thing that complainant should attempt to sell, or that any purchaser would buy at the price of $5, a disc record which is as perishable as defendant contends that it is, and could only last a few reproductions.

Mr. Middleton's affidavit (Contempt Record, p. 22) shows that the purchaser frequently expends very much less for the machine than he does for his collection of records, and states that

> "records are being constantly purchased by the purchaser of a machine from time to time."

As stated by Judge Lacombe in his decision, the substitution of new records are **"more frequently in order to increase the repertory of tunes than as substitutes for worn out discs."** (Contempt Rec., p. 74.)

The complainants' contention as to the durability of the records and that they shall last, is also evidenced by complainants' affidavits on motion for preliminary injunction, particularly of Mr. Middleton and Mr. Kennedy, showing they are made, as hereinbefore set forth, of indestructible material (see Middleton affidavit, Injunction Record, p. 51; and Kennedy affidavit, Injunction Record, p. 60, where he states that these records are *"made of hard, indestructible material"*).

This contention is also evidenced by Mr. Middleton's affidavit (Contempt Record, p. 27), where he says that the material of complainant's record **"is of the**

best and most durable character known to us for this purpose.''

Complainants' intention that no implied license by the sale of the reproducer, one element of the combination, was granted to the purchaser to purchase or use or make the hard, indestructible record, the other element of the combination, is shown, among other places, by Mr. Haddon's affidavit (Contempt Record, p. 24), where he states:

> ''The Victor Talking Machine Company, by the sale of its reproducing apparatus, never licensed, or intended to license, the purchaser, or anyone else, to supply the traveling tablet or record, the other element of the combination of claim thirty-five, for reproducing sound in accordance with the method of claim five.''

Mr. Haddon also shows at the same portion of his affidavit the intention of the Victor Company was positively to supply the disc records—the other element of the combination—to be used in conjunction with the complainants' reproducer. He states:

> ''A large portion of the Victor Company's business has been, and is, in the manufacture and sale of disc records, for use in connection with the reproducing apparatus which it makes and sells, and a large proportion of its profit is derived therefrom. When it sells reproducing apparatus to a purchaser, which is part of the combination of claim thirty-five, it is to be used in combination with the other element of the claim, sold by complainants, the traveling tablet or record, which it also sells to the purchaser at a separate price, distinct from the price of the reproducing element. The profit from the reproducing element is only a portion of the complainants' profit, the other portion of which is derived from the sale of the traveling tablet or record. The complainant could not afford to sell the reproducing apparatus at the price which it does if it were not for the fact that

the balance of the profit is to be derived from the records manufactured and sold by the complainant."

If defendant's contention be true that an implied license is acquired by the sale of the reproducer to make and sell records, the converse would also be as logical that for complainants to sell records would imply a license to make a reproducer.

This above proposition should negative defendant's contention.

Defendant is manifestly attempting to seek an implied adjudication from this Court of the correlative theory that somebody else can make the other element of the combination, the reproducer apparatus, on the same theory that they are entitled to make and sell the sound records, and thus deprive the complainants of the benefit of the adjudication of the Circuit Court of Appeals in the Graphophone, Talk-O-Phone and Leeds & Catlin cases.

As hereinbefore shown, the complainants' sound records have no analogy to the cutter knives of the planing mill in Wilson *v.* Simpson, before cited, though defendant strenuously contends that they are the same.

In the combination of claim thirty-five it is not intended by the complainants that the records should be thrown away and put into disuse at short intervals, like the cutter knives. The cutter knives of Wilson *v.* Simpson, are more like the little removable needle points in complainants' reproducer, in that the little needle points wear out quite rapidly, and, as shown by the affidavit, are frequently replaced. The cutter knives of the rotary planing machine need constant sharpening from the rough usage given them, and consequently are constantly wearing down. They are more like the typewriter ribbon spools in the case of Wagner Typewriter Co. *v.* Webster Co., 144 Fed. Rep. 405, where the

Court held that while the spools were part of the combination, they were merely an *ordinary working part.* This case quite concisely sets forth the distinction, and holds that while an ordinary working part may be substituted on the doctrine of repair, a chief part of the combination, or a vital element thereof, cannot.

USERS OF COMPLAINANTS' REPRODUCER AS A RULE BUY NEW RECORDS TO INCREASE THEIR REPERTORY.

Purchasers of complainants' reproducer do not buy new records because those formerly purchased from the complainants are worn out and inoperative, but buy them to be added to their previous collection to increase their repertory, as decided by Judge Lacombe. (Contempt Rec., p. 74.) In this manner again the case at bar is to be distinguished from the repairing or replacing of the cutting knives in the planing machine of Wilson *v.* Simpson. In Wilson *v.* Simpson it was held that the purchaser of the planing machine in buying new knives "repairs the damage which may be done to it——"

The doctrine laid down in Wilson *v.* Simpson was actually based upon that of repair, which is an equitable one.

As before stated, the purchaser of complainants' machine could undoubtedly repair the motor used for rotating the traveling table, or other working parts, not a vital element of the patented combination.

Re Davis Electric Works v. Edison Electric Light Co., 60 Fed. Rep., 276 (U. S. C. C. A., First Circuit).

Judge Lacombe very properly referred to this case as one of the decisions in support of his finding; the defendant, however, (Brief accompanying the Petition

for *Certiorari,* p. 46), criticizes this case, basing his criticism on his statement that "the Carbon Filament is exactly like the Cotton Tie case, and rests upon the same principle, and has no analogy whatever to this case or to the case of the cutter knives or to the case of the toilet paper."

In the Davis Electrical Works case above referred to, it was held that the defendant infringed the Edison Incandescent Electric Lamp patent because he substituted in an old lamp the vital element of the combination, viz., the filament. The defendant bought old lamps, made a hole in the bulb, put in a new filament, exhausted the air and closed the hole.

The claim is as follows:

> "(2) The combination of carbon filaments with a receiver made entirely of glass, and conductors passing through the glass, and from which receiver the air is exhausted, for the purpose set forth."

Defendant's counsel criticizes this reference because he holds that there were no temporary parts to be replaced "in accordance with the invention of the vendor." There were no temporary parts in claim thirty-five to be replaced within the intention of the vendor. Manifestly the carbon filament in the glass bulbs was of a more temporary and destructive nature than the complainants' sound record of the combination of claim thirty-five and was very much more perishable. The fact that complainants' sound record is removable from its connection with the reproducing stylus is not because the record wears out quickly at all, but because from the very nature of the invention **a repertory is required.**

It might as reasonably be argued that the purchaser of a *patented music box* of which the spiked *removable barrel* formed a part of the combination, in selling the music box with two or three extra barrels

implied a license to the purchaser to make or use additional barrels.

In this case of Davis Electric Works *v.* Edison Elec. Light Co., the Court said, *inter alia:*

> "in no case has the supreme court held that this right (the right of repair) is absolute and universal, or that it may not be limited by express or implied restrictions entering into the transaction of the sale of the patented machine or device."

The Court of Appeals also said in this case:

> "The proposition of the appellants that, if the injunction stands, it gives the complainants below the same benefit as though the patent contained a claim for the filament alone, serves properly to caution us, but cannot operate as a definitive limitation on our conclusions. * * * So, ordinarily, if the new element in a combination is associated in the claim with additional elements which, in the state of the art, there is no practical method of replacing by others, the patentee obtains the same practical advantages as though this new element had been claimed alone, at least until the art makes new discoveries. Neither in such instances, nor in the case at bar, is the course of the law to be turned aside because the practical result may be to give a patentee for the time being more than the patent office contemplated, nor is the patentee to be deprived of his just rights because under some circumstances he gets individual advantages beyond what he expressly bargained for."

The Court also stated:

> "We do not in terms give the patentee the benefit of a claim for the filament alone, nor prohibit its use in some other combination than that set out in the second claim, if some ingenious way of making such other combination is ever discovered."

The Court further stated:

"The appellants do not bring themselves within the expression in Wilson *v.* Simpson, 9 How. 125, renewed in substance in Cotton Tie *v.* Simmons, 106 U. S. 94, and page 52 1 Sup. Ct., to the effect that temporary parts may be replaced 'in accordance with the intention of the vendor.' While the Supreme Court has not expressly given this as a limitation, it may be made effectual as a permit where the facts authorize it."

The Court further stated:

"The suggestion that the worn-out filament in the Edison device stands for the old burned-out wick of an ordinary lamp is not sustainable. So far from the filament being the mere wick, it is itself essentially the lamp; that is, the electric lamp of Edison."

The consumable, burned wick of a patented oil lamp, of which the wick might be a combination, would be a parallel case with the toilet paper in Morgan Envelope Co. *v.* Albany Paper Co.

The Court in this case of Davis Electrical Works *v.* Edison Co., notwithstanding the fragile character of the filament, held that to replace it was an infringement of the patent.

FURTHER CONSIDERATION OF THE MORGAN ENVELOPE COMPANY CASE IN THE SUPREME COURT AND JUDGE WALLACE'S OPINION THEREIN. (40 Fed. Rep. 577.)

Defendant's counsel (Defendant's Brief accompanying the Petition for *Certiorari*, p. 50), treats of the opinion of his Honor Judge Wallace in this case in the Circuit Court, and the endeavor of defendant's counsel is to show that the opinion in this Morgan Envelope Company case in the Court below was intended to include such parts of the combination as complainants'

sound record in this case, which, as has been heretofore shown, was a most important mechanical element of claim thirty-five, co-acting and co-operating with the reproducing stylus, the other element. Defendant's counsel tries to liken it to the consumable roll of toilet paper and to fit Judge Wallace's opinion upon the case at bar.

As I have hereinbefore considered this question of what appears to the complainants to be a radically different question from that involved in the Morgan Envelope Company case, it will be unnecessary to enlarge again upon this subject. Suffice it to say that it is apparent from a careful reading of Judge Wallace's opinion that the underlying fact upon which that decision was based was, as stated in the opinion, that "The paper as an element of the patented invention is *one for temporary use only*. The fixture proper is a durable device which is designed to last for many years; while *the roll of paper may be completely used up in a few days.*"

It is not assumed that Judge Wallace intended to make any such broad statement of the law as contended for by defendant's counsel, that the purchase of a patented device so releases it from the monopoly that the purchaser may manufacture, without further license, vital elements of the combination, such as the hard disc records in this case, and manufacture *ab libitum* any number of them for use in connection with the other element of the machine.

Judge Wallace states:

> "The purchaser who buys a machine or device, patented or unpatented, without any restriction as to the mode or extent of the use to which he may apply it, acquires all rights of the seller, and may do with it whatever the seller might have done if he had not parted with it."

What Judge Wallace meant by this is apparent from the next sentence, wherein he states:

> "He acquires the right to use it, or repair it, and to sell it to others; and those to whom he sells acquire all his rights."

The Court also held that if the purchaser may lawfully repair, it is immaterial if he procures another to do it for him, if the act when done does not violate the rights of the owner of the patent.

It is understood by complainants that Judge Wallace in rendering this decision did not mean to be interpreted as going any further than the well settled doctrine of repairs warrants. It may be fairly inferred from Judge Wallace's opinion that it was not intended by the Circuit Court to go any further than the doctrine laid down in Wilson *v.* Rosseau, 4 Howard, 647, or in Wilson *v.* Simpson, 9 Howard, 109, cited by the Court.

That Judge Wallace was confining his decision within the limits of the doctrine of repair is also evident from the statement on page 581 of the decision, viz.:

> "If it (the right to repair a patented article) did not exist, the value of most patented articles would be materially lessened, and thus the owner of the patent, as well as the public, would fail to derive the full benefit of the invention. There is nothing inconsistent with these views in the case of Cotton Tie Company *v.* Simmons, 106 U. S. 89——"

Of course, the doctrine of contributory infringement has no application to a case where the alleged infringer does no wrong, or does not concert with another to do wrong. Hence there was no contributory infringement in the Morgan Envelope Company case.

If, however, it is found that the party charged with contributing to the infringement has done a wrong in this respect, he, of course, is liable for contributory infringement as in the suit at bar.

The basic principles upon which Judge Wallace's decision was founded in this case were the same as those upon which the Supreme Court affirmed the decision, viz., that the paper was *intended for consumption in use,* and as an element of the combination it was merely placed in the holder or other portion of the combination *as a product or material to be fed out to be used up,* and from the very nature and construction of the thing this was the intention of the owner of the patent.

Therefore the question involved in the Morgon Envelope Company case, instead of being the precise question here involved, as stated by defendant's counsel on page 50 of the said brief, is a radically different proposition, and should have no bearing upon the question involved in this case.

DEFENDANT ALSO AN INFRINGER IN SELLING RECORDS WHERE THEY ARE USED OR INTENDED TO BE USED ON INFRINGING REPRODUCING APPARATUS.

Defendant admits (Brief accompanying Petition for *certiorari,* p. 53) that:

> "The sale of a record by defendant for use upon an infringing machine, that is to say, for use upon a machine not sold by complainants or their licensees, would clearly constitute contributory infringement."

Defendant's counsel contends that there is no proof that the defendant after the injunction sold sound records for use upon an infringing machine. It is shown, however, by complainants' proofs (Middleton affidavit, Contempt Record, p. 21), that there were in use at the time of the Contempt sales throughout the United States many hundreds of reproducers which

had been made and sold in violation of the claims of the patent in suit, among others notably the Talk-o-phone machines enjoined by the Courts below, which were in use in the homes of individuals, hotels, restaurants, places of amusement, and so forth. Mr. Middleton also shows that the owners of these machines are constantly purchasing disc talking machine records for use in combination with this reproducing apparatus, from dealers selling infringing records, such as the disc records which the defendant company has sold and is now continuing to sell, thus depriving the complainants of a very considerable portion of the revenue from these records which form an essential and important element of the combination.

Mr. Middleton also shows that the purchasers of the infringing machines, such as the Talk-o-phone, who at the time of purchase purchased the Leeds & Catlin records with it, are very apt to continue purchasing the make of record which they originally purchased with the infringing machine if the defendant company is allowed to continue the manufacture and sale of the Contempt Sound Records.

RE INTENT TO INFRINGE.

The defendant therefore when these records were sold over the counter since the service of the injunction, had reason to believe that the infringing records thus sold (except those which were sold with knowledge that they were to be used in connection with complainants' reproducer), might and probably would be used in combination with some of these infringing reproducers; it was shown by the proofs in the injunction proceeding that the defendant company supplied large quantities of records for the Talk-o-phone users.

In the case of Thomson-Houston Electric Com-

pany *v.* Ohio Brass Company (80 Fed. Rep. 712), Judge Taft in delivering the opinion of the Circuit Court of Appeals for the Sixth District, said relative to this question as to intention to infringe:

> "But where the article can only be used in a patented combination the inference of the maker and seller is certain, and the right of the patentee to injunction ought we thing to be equally certain."

Thomson-Houston Electric Co. v. Ohio Brass Co., 80 Fed. 712 (C. C. of A., Sixth Circuit).

The attention of the Court is called to the decision of Judge Taft in this case on the question of contributory infringement where the authorities are quite fully reviewed.

> "It is well settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such a combination he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. The leading case on the subject is Wallace *v.* Holmes, 9 Blatchf. 65; 29 Fed. Cas. 79. * * * An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some concert of action between him who does the injury and him who is charged with aiding and abetting, before the latter can be held liable. When that is present, however, the joint liability of both the principal and the accomplice has been invariably enforced. If this healthful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised by the constitution and laws of the United States to inventors is a poor sham. Many of the most valuable patents are combinations of

non-patentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, make it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts, and otherwise, intentionally solicit and promote such invasions of the patentee's rights."

Judge Taft further stated:

"It is said that no concert of action by defendant with any one for the purpose of accomplishing an infringement of complainants' patent rights is shown. As already stated, it does appear that defendant is offering for sale articles that can only be used in combinations covered by complainants' claims. This is an effort to secure a concert of action by which the combinations of complainants' patents may be assembled. If successful infringement will follow; hence the preliminary steps which are intentionally taken to bring about the injury may be enjoined."

Wallace v. Holmes, 9 Blatch. 65; 29 Fed. Cases, 79.

In this case Judge Woodruff said:

"Here the actual concert with the other is a certain inference from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which can only be done by adding the chimney. The defendants have not, perhaps, made an actual pre-arrangement with any particular person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done."

This doctrine is quite analogous to that involved in the consideration of the subject of contributory infringement, and is covered by the cases there referred to.

ADDITIONAL AUTHORITIES RE CONTRIBUTORY INFRINGEMENT AND PRESUMPTION OF INTENT.

Schneider v. Poutney, 21 Fed., 399.

This case was decided by Judge Nixon, in the Circuit Court, for the District of New Jersey. This was a suit under a patent to one Votti, for a Shade Holder for Lamps, and is particularly in point. Judge Nixon in the opinion, p. 403, says:

> "The allegations of the bill of complaint, as to the infringement of the defendant, are (1) that certain shade-holders, made and sold by the defendant, are only used in Votti's combination, and are not applicable to or useful for any other purpose; and (2) that the defendant knew this fact, and made and sold said shade-holders with the knowledge that they could be used by the purchaser thereof in constructing said patented combination in infringement of said patent, and that he made and sold them for that purpose."

Thus we have a parallel with the case at bar, for we have shown that these defendant records are only used in the combination of the patent in suit, and are not applicable to or useful for any other purpose; and further that the defendant knew this fact and made and sold these sound records with the knowledge that they could be used by the purchaser in the patented combination. The learned Judge then further states, as follows, p. 403:

> "In regard to the first allegation, the complainant's expert, Brevoort, and his agent in patent matters, Hanford, both explicitly state that they know of no other uses to which the shade-holder, made by the defendant and complained of by the complainant, can be applied, except in combination with the other devices of the Votti patent, and that they never heard of their being put to any other use. This testimony stands uncon-

> tradicted except by the suggestion of defendant's counsel of possible use to which such shade-holders might be applied. I recollect nothing from the defendant himself or from any of his witnesses which shows, in fact, any other application."

As to the case at bar, we have the affidavits of Haddon, Middleton and Kennedy, that they know of no other use to which the sound records of the defendant can be applied, and this testimony stands uncontradicted except by the suggestion of the opposing affidavits, that a mechanical feed machine has been advertised, *but not sold*. The learned Judge then says, p. 403, regarding the second allegation that,

> "As to the second allegation, referring to the intent of the defendant in his manufacture of the shade-holder, I think it is fairly to be inferred, (1) from the conversation of the defendant with Hanford; (2) from his attempts to get from the complainant an exclusive right to manufacture the shade-holder; (3) from the tenor of the circulars that he prepared and sent out; and (4) from his absolute silence when upon the witness stand, in regard to any other use for which he manufactured them, that his intent in making and selling them was to have them used in combination with the other devices of the complainant's patent."

So also in the present case, we submit the inference is stronger when it is borne in mind that Leeds knew that thousands of infringing machines were in public use all over this country and that these defendant records could only be used with that class of machine, in the combination of the patent in suit, which machines this defendant had also sold, and also knew that this alleged mechanical feed machine was not on the market. With the facts as above set forth, Judge Nixon stated, p. 403, the law as follows:

"The law in such cases has been quite definitely settled. The first case to which I would allude is the leading one of Wallace *v.* Holmes, 5 Fisher, 37. The patent there was also for an improved lamp, consisting of the combination of several parts. The alleged infringement was for the manufacturing and selling one of the elements in the combination, to wit, the burner. It was used in combination with a chimney, and the purchasers of the burners were expected to go into the market and procure the chimneys from other manufacturers. Judge Woodruff held that the defendants could not protect themselves by invoking the well-settled rule that where a patent is for a combination merely, it is not infringed by one who uses one or more of the parts, but not all, to produce the same results, either by themselves or by the aid of other devices; but that if one party consented to make the burner, and another party the chimney, and each was sold to be used with the other, the parties must be deemed to be joint infringers of the patent, and that each was liable for all the damages. The learned Judge drew the inference of an actual concert between the parties from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which could only be done by adding the chimney. *He admitted that he found no proof that the defendants had made an actual pre-arrangement with any particular person to supply the chimney to be added to the burner; 'but,' says he, 'every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done. The defendants are, therefore, active parties to the whole infringement, consenting and acting to that end, manufacturing and selling for that purpose.'* "

Therefore, as will be seen in Bullock Co. *v.* Westinghouse Co., 129 F. R., 111, and in this case of Schneider *v.* Pountney, that where one element of the combination is made and sold, with the knowledge that it can

only be used in the patented combination, the intent that it shall be used and the intent to contribute to the infringing act is presumed to have been shown and that it is not necessary to show the same affirmatively, for as Judge Nixon, in Schneider *v.* Pountney, said, that although he found no proof that the defendant had made an actual pre-arrangement, he drew the inference of an actual concert.

In Walker on Patents, in discussing the subject of contributory infringement, the author states, Sec. 407:

> "Contributory infringement is intentional aid or co-operation in transactions, which collectively constitute complete infringement. For example; where a person furnishes one part of a patented combination, intending that it shall be assembled with the other parts thereof, and that the complete combination shall be used or sold; that person is liable to an action, as infringer of the patent on the complete combination."

Citing authorities. Further on in this section the author also states:

> "Furthermore, where a person furnishes a machine, composition of matter or other article, which is particularly adapted to be used in performing a patented process, and which the person furnishing the same, intends shall be thus used; that person is liable as a contributory infringer for any infringement which afterward occurs in accordance with his intention."

In support of this proposition the author refers, among others, to the following cases:

Boyd v. Cherry, 50 Fed. Rep. 279.

The patent involved in this suit was for a process of raising cream which consisted mainly in water-sealing the milk within the vessel containing it, and also

submerging said vessel in water. The defendant made and sold a milk can within which the milk could be water-sealed, and which could be submerged in the water.

The Court stated, in granting the injunction, as follows:

> "I doubt very much whether the mechanical appliances described in each of the patents is patentable aside from the process. Considered merely as cans or milk vessels, there would seem to be little, if any, novelty in them. But however this may be, it appears, from an inspection of the Cherry patent itself, that it is intended to cover the process, and that the cans are to be used only for the purpose of raising cream in the manner described. Besides, the evidence discloses the fact beyond question that the respondent manufactures the 'Hawkeye pan' and sells it to customers to be used by them in raising cream from milk according to the process described in the Cooley patent. He advertises and sells the can for this very purpose. They are especially adapted to it, and to no other, and the inference arising from their sale, that they are to be used, would be very strong. When it is added that they are generally, if not always, accompanied by directions to purchasers as to the mode of using them, which directions require the adoption and use of the Cooley process, it becomes very clear that the fact of infringement is established. Bowker *v.* Dows, 3 Ban. & A. 518; Chemical Works *v.* Hecker, 2 Ban. & A. 351; Wallace *v.* Holmes, 9 Blatchf. 65."

So also in the case at bar, for although the defendant denies the patentability of the record by itself, yet the records which it is selling are capable of use and are intended for use with the reproducer of claim thirty-five, and to be used in carrying out the process and method of claim five. It is not necessary, in this talking machine art, to put special directions upon the records as to the mode of using them, for there is

absolutely no other use for such an article except for reproducing upon a disc talking machine of the character of the patent in suit, and as manufactured by the Victor Talking Machine Company.

Celluloid Mfg. Co., et al., v. American Zylonite Co., et al., 30 Fed. Rep. 437.

The claim of the patent in suit was for a fabric for the manufacture of collars and cuffs, etc., having outer sheets or layers of celluloid, and an inner lining of textile or fibrous material. In this case, two sheets of cloth or muslin, with a paper inner lining, was made by the Taylor & Tapley Company, one of the defendants; then the Zylonite Company placed a thin sheet of zylonite on one side of this fabric and returned it to the former company, which latter turned down the zylonite so it would be on both sides of the collar, and the defence was that neither made the patented article, and Judge Shipman writing for the Court stated:

> "It is apparent that the American Zylonite Company made the compound sheet for the Taylor & Tapley Company, with knowledge of the method in which it was to be used by that company in the manufacture of collars. * * * It was engaged with the other defendants in a common purpose to avoid the patent, and, in connection with them, it actually, by their concerted action, infringed the patent."

A motion for preliminary injunction was granted, and in the present case, complainants' affidavits show that the defendant was aware that the sound records sold by it, and produced in these contempt proceedings, were to be used in completing the combination of the claims of the patent in suit, and in infringement of said patent.

Alabastine Co. v. Payne, 27 Fed. Rep. 559.

The claim of the patent involved was for,

"a calcimining compound, adapted to be used with brushes, composed of pulverized calcined gypsum, dissolved glue, and cold water, substantially as described."

The defendant used a dry mixture of pulverized calcined gypsum and glue, which the purchaser reduced to liquid by dissolving in water, and it was claimed that defendant did not infringe the patent. Judge Coxe in denying the motion to dissolve the injunction said:

"In selling a compound which he knows cannot be practically applied without making the user a trespasser, the defendant, within the doctrine of the following authorities, renders himself an accessory to the infringement: Rumford Chemical Works *v.* Hecker, 2 Ban. & A. 351, 363; Cotton Tie Co. *v.* Simmons, 106 U. S. 89, 94-95; S. C. 1 Sup. Ct. Rep. 52; Tilghman *v.* Proctor, 102 U. S. 707, 728; Goodyear *v.* Railroad Co., 2 Wall Jr. 356, 359; Wallace *v.* Holmes, 9 Blatchf. 65; Woodward *v.* Morrison, 1 Holmes, 125; Bowker *v.* Dows, 3 Ban. & A. 518; Travers *v.* Beyer, 26 Fed. Rep. 450."

This case was cited by Judge Nixon, in the District of New Jersey, in Rumford Chemical Works *v.* Hecker (2 Ban. & A. 351; Federal case, No. 12,133) in deciding that a defendant infringed who sold the constituents of complainant's patent with intent and further purpose of enabling the infringer to turn the compound into bread by the application of water and heat.

And the Courts have gone farther and held that all those who took part in aiding the sale and use of an article in infringement of a patent are liable to be enjoined for such acts.

American Cotton-tie Supply Co. v. McCready, et al. (17 Blatch. 291; Federal Case No. 295).

Bill was brought against the officers of the Old Dominion Steamship Company, upon whose steamships the infringing cotton-ties were shipped from New York to ports in southern parts of the United States, where they were sold and used, the defendant refusing to disclose the names of the parties from whom the ties were received, and Judge Blatchford, writing for the Court stated:

> "It is entirely clear that the owners of infringing and unlicensed cotton-ties, who are causing them to be transported by the vessels of the Old Dominion Steamship Company, are sending them for sale and use, and are employing said company and its officers as agents and servants in promoting and effecting such sale and use. It would seem, on principle, that there ought to be no difficulty in restraining by injunction all persons, whether officers of a corporation or not, who are aiding in the promotion of the infringing sale and use, whether such persons would be liable for profits or damages or not. It has been so held by this Court."

This was a case, as will be seen, where the defendant had not even manufactured, used or sold the infringing article or any part of it.

Robinson on Patents, Vol. 3, Sec. 905:

> "To sell a part of the invention with the intent that it shall be united or used in connection with its other parts, to sell a different article with the intent that in its use it shall become the one claimed in the patent, to transport knowingly for use and sale in collusion with infringing makers or vendors, are also acts of infringement."

Snyder, et al., v. Bunnell, et al., 29 Fed. Rep. 47.

The statement of Judge Coxe in the above entitled cause is particularly in point (page 48, 29 Fed. Rep.):

> "The complainants invoke the doctrine of contributory infringement, the clearest illustration of which is, perhaps, found in Wallace *v.* Holmes, 9 Blatchf. 65. In that case the complainants had a patent for a burner in combination with a chimney. The defendants manufactured and sold the burner, leaving the purchaser to supply the chimney, without which the burner was useless. The burner could not be used without infringing the patent. All this the defendants knew. It was because of this use and this knowledge that they were held liable. See, also, Richardson *v.* Noyes, 10 O. G. 501; Bowker *v.* Dows, 3 Ban. & A. 518; Alabastine Co. *v.* Payne, 27 Fed. Rep. 559; Travers *v.* Beyer, 26 Fed. Rep. 450; Cotton Tie Co. *v.* Simmons, 106 U. S. 89; S. C. 1 Sup. Ct. Rep. 52."

THE DOCTRINE OF REPAIR HAS NO APPLICATION TO THE PRESENT SUIT.

It is respectfully submitted that the doctrine of "repair" cannot be invoked in this case.

Davis Electrical Works v. Electric Light Co., et al., 60 Fed. Rep. 276.

In this case it was held that the defendant infringed the Edison incandescent electric lamp patent, because he substituted in an old lamp the vital element of the combination, viz., the filament. The defendant bought old lamps, made a hole in the bulb, put in a new filament, exhausted the air, and closed the hole.

The claim read as follows:

> "(2) The combination of carbon filaments with a receiver made entirely of glass, and con-

ductors passing through the glass, and from which receiver the air is exhausted, for the purposes set forth."

Thomson-Houston Electric Co. v. Kelsey Electric Railway Specialty Co., et. al., 75 Fed. Rep. 1005 (C. C. of A., Second Circuit).

In this case, while the Court held that a broken trolley stand, one of the elements, might be replaced, it said:

"It is not intended to permit the unauthorized substitution of the vital and distinctively new part of an invention in place of one worn out by use, as the substitution of a new filament in an Edison incandescent lamp or the substitution of a new for the old burner in the Wallace case."

Morrin v. Robert White Engineering Works (C. C., 138 Fed. Rep. 68).

This case stated numerous instances where repairs could be effected of ordinary working parts, and concluded:

"But a part of a combination may not be replaced by the purchaser when it is the vital element of the combination, in fact, and in regard to patentability, especially when it is not intended to be of short life by the action of external forces thereon."

Red Jacket Manufacturing Co. v. Davis, 82 Fed. Rep. 432 (C. C. of A., Seventh Circuit).

In this case it was held that the making and selling of pumps, leaving out one of the important elements to be supplied by the purchaser, was an infringement. The Court said:

"They do not, indeed, make the lower cylinder, but they manufacture pumps to be used in

tubular wells, the tube and valve placed therein supplying the lower cylinder and valve of the patent. Their pumps are inoperative and useless unless so constructed. The case presented is therefore one of contributory infringement."

Stearns v. Philips, 43 Fed. Rep. 792.

In this case the Court held that while the making of the bars for the patented window frame screen was not in itself an infringement, the making of them with an intention to combine them in the patented device was an infringement.

By defendant's reference to the case of Aiken *v.* Manchester Print Works, 2 Cliff., 435, referred to by Mr. Justice Brown in the quotation from the Morgan Envelope Company case (Defendant's Brief, p. 59), he attempts in substance to contend that if any element of a patented combination, even though a combination consisting only of two elements, no matter how vital and important the element may be, is not patented itself by separate patent independent of the patent of the combination, the purchaser of the combination and any one for him can make that vital and important element *ad libitum*.

Under circumstances of this character his argument would apply equally as well *to the other element* of the combination, and as a consequence involve a *reductio ad absurdum*, viz., that all the elements could be re-made and in multiple quantities, thus practically annulling and destroying the patent of the combination, even though the same may have been sustained by the highest Court of the land.

In the case of Aiken *v.* Manchester Print Works the needles of the knitting machine were also patented by a separate patent, but this case did not mean to decide that only such elements of a patented combina-

tion which were patented by a separate patent could be protected against contributory infringement.

The attention of the Court is called to the case of Wagner Typewriter Co. *v.* Webster Co., 144 Fed. Rep. 495, cited on page 59 of defendant's said brief accompanying the petition for *certiorari,* in which Judge Ray reviews the authorities quite fully and the extent of the doctrine of repair. He distinguishes between an element of the combination which is an *ordinary working part* and an element of the combination which is *a vital element.*

Cortelyou, et al. v. Johnson, 154 Fed. Rep., 933.

In this case the Circuit Court of Appeals for the Second Circuit discussed this question of contrbutory infringement, the contributory infringement alleged in said case being the sale of ink by the defendant to be used with the patented device of the complainant, which patented device was sold under restriction that it could be only used with, among other things, ink made by the complainant company. Although the Circuit Court of Appeals for the Second Circuit reversed the court below, on the ground that there was not evidence that the defendant had notice of these restrictions, (affirmed by this Honorable Court, 207 U. S. 196), yet in discussing the doctrine of contributory infringement, the Court stated (p. 934):

> "One who sold an element of a patented combination, which could not be used except in an infringing combination or device, was not permitted to reap the benefits of such sale. He did not himself directly infringe, but he promoted the infringement of others by putting in their hands a device which could only be used in violation of the patent."

And near the bottom of page 935, the Court said:

> "We incline to the opinion that the line should be drawn to include those articles which are either parts of a patented combination or device or which are produced for the sole purpose of being so used and to exclude the staple articles of commerce."

The defendant's acts in the present case come squarely within the language above quoted, for the sound record is one of the only two elements of the combination of the claims of the patent in suit, and is, therefore, "an element of a patented combination, which could not be used except in an infringing combination or device," as stated in the first above quotation, and is a part of the "patented combination or device" of the claim sued on, and "are produced for the sole purpose of being so used," as last above quoted.

RE DEFENDANT'S POINT TWO.

Under this head the defendant contends that the purchaser of a patented combination has the legal right immediately to substitute for an important or essential element of the combination, one which he conceives to be *better suited* to his purposes, even though such element was intended to be permanent.

Defendant's counsel in an attempt to support this proposition (brief accompanying petition for *certiorari*, p. 60), refers to the Trolley Stand decision in the case of Thomson-Houston Electric Co. *v.* Kelsey Electric Railway Specialty Co., *et al.*, 75 Fed. Rep. 1005. This is a decision of the Court of Appeals for the Second Circuit rendered by Judge Shipman.

The trolley stand, so-called, was the means by which the trailing arm was hinged and pivoted to the car, which arm has a capacity for lateral and vertical movement, and is pressed upward by some suitable

spring. No particular stand was included in the patent. The defendant sold stands, one of which was purchased and used for the purpose of the infringement complained of.

This case involves a very materially different question, in that among other things the trolley stand was not the vital element of the combination, such as the complainants' record in suit at bar, and the Trolley Stand case turned upon the doctrine of repairs in cases similar to that of the replacement of knives in the planing machine in Wilson *v.* Simpson, 9 How. 109, and like cases, the Court distinguishing the Trolley Stand case from the Filament in Davis Electrical Works *v.* Edison Electric Light Co., 60 Fed. Rep. 276. The Court in deciding the right to replace the trolley stand said:

> "It is not intended to permit the unauthorized substitution of the vital and distinctively new part of an invention, in place of one worn out by use, as the substitution of a new filament in the Edison Incandescent Lamp, or the substitution of a new for an old burner in the Wallace case, *supra* (Holmes *v.* Wallace, 9 Blach. 65; Fed. cases, No. 17,100), but the trolley stand is not the vital element of the invention, though a portion of it is an element of the combination. It is the means, and in most cases the non-patented means, for there are numerous forms of these bases by which the pole is permitted to perform its functions."

It also appeared in this case that the purchaser of the trolley stand had a reason for substituting this stand, which was less elevated above the top of the car than complainant's stand, because of the low bridges under which the trolley cars on some of the streets were obliged to go, and that the defendant had a right to sell and the purchaser to use such a stand for the purpose.

In this case his Honor Judge Wallace filed a dissenting opinion, in which he set forth the fact that the defendant had a perfect right to make such an element of the patented combination as a trolley stand, and that the defendant was under no obligation to inquire whether the purchaser intended to make an illegal use of it. In that case there was apparently no evidence that the defendant knew that the trolley stands were to be used by the defendant in the patented combination, and there was no obligation on the part of the defendant to inquire.

In the case at bar, however, the defendant sold a most vital element of a two-part combination with the knowledge in one instance that the purchaser, Platz (Contempt Rec., p. 14), dealt exclusively in complainants' patented goods, machines and records, and in another case sold to individuals with the knowledge that they were to be used on complainants' reproducer. Bennett's affidavit (Contempt Record, p. 17) states, "I asked him (defendant's salesman) if I could use these (defendant's contempt) records on this Victor Talking machine (a Victor V) and he told me that I could, and went on further to state that he had at his home a Victor Talking Machine on which he played similar records." Also Thompson's affidavit (Contempt Record, p. 18) states:

> "I then asked said (defendant's) salesman if I could use said records which I so intended to purchase on a talking machine of the manufacture of the Victor Talking Machine Company, and said salesman in reply to said inquiry said that I could."

He then bought the said records.

Judge Wallace in this connection states, in the above mentioned Trolley Stand case (75 Fed. Rep., 1011):

"One who assists another to infringe a patent

is, of course, a *tort feasor;* and whether he is called a contributory infringer or merely an infringer is only a matter of nomenclature."

Judge Wallace, however, shows that where the evidence of unlawful intent on the part of the defendant is shown in cases of this character there is contributory infringement.

The order in this above mentioned case was particular to state, *"but this permission does not give authority to reconstruct or rebuild a combination which has been sold by the complainant."*

This case allowed the right to substitute a metal trolley stand, which was a minor element of the combination, for the one purchased from the patentee, as the purchaser, the trolley company, found that the original stand was elevated too high above the roof of the car for convenience in going under certain low bridges.

It will be noted that this was a *substitution,* that is, the old stand was discarded and the new one put in its place. This has nothing to do with the proposition of the purchase of numerous sound records as a means of increasing a repertory.

It is respectfully submitted that there is nothing in this Trolley Stand case which is in conflict with complainants' position, and that it certainly does not support the defendant's position as regards the present case.

Although Judge Wallace referred to the "Trolley Stand" case, in support of the proposition that the defendant had a right to make the sound records, one element of the two-element combination, yet the majority opinion of the Court of Appeals also cites this case as an authority in passing on this question, and states (Contempt Rec., p. 93, fol. 141):

"We think this contention disposed of by Thomson-Houston, etc., Co., *v.* Kelsey, etc., Co., 75

> F. R., 1005; for the right of substitution there recognized was specifically restricted so as to refuse 'authority to reconstruct or rebuild a combination which has been sold by the complainant;' and whenever a Leeds & Catlin record is placed in a Victor machine the patented combination is instantly reconstructed."

While it may be contended that the unrestricted sale of a patented combination, may carry with it dominion over the article so sold, and may confer upon the purchaser and his vendees the right to hold and deal with it the same as in case of any other description of property belonging to him, yet, we submit, such sales do not confer the right to re-construct. The patent in suit gives the complainants the exclusive right to manufacture the patented combination. The defendant constructs one of the vital elements of the combination to enable others, who own the other element of the combination, to re-construct this patented combination.

We submit that this question is conclusively answered at the conclusion of the opinion of the Circuit Court of Appeals upon which this petition is based, where it is stated (Contempt Rec., p. 93, fol. 142):

> "The true inquiry is whether the owner of a patented combination, the elements of which are durable, unbroken, and in good repair, may buy from the patentee one specimen of a single element,—from an outsider an indefinite number of identical specimens of the same element, and keep and use them all, under cover of the word 'substition;' it further appearing that the element so procured and used is useful and commercially known only in respect of the said combination.
>
> "We think this cannot lawfully be done, and affirm the order below."

Defendant Contends it has Right to Substitute or add 1000 Records.

Defendant's counsel contends (Defendant's Brief accompanying the petition for *certiorari,* p. 63), that if the purchaser has the right to substitute one sound record for a sound record purchased from complainant with the reproducer, he has the right to substitute or add *a thousand records* for use on the reproducer, as well as a single record, for the original one purchased.

This we submit is clear evidence of the extremes to which defendant's doctrines go, and of the erroneous position which defendant's counsel has taken.

This is substitution run wild.

The complainants' position is in no manner contrary to the principles laid down in Chaffee *v.* Belting Co., 22 How., 217, and cases therein cited, but the principles therein stated are in accord with the principles underlying complainants' contention.

In the present case, the complainants' reproducer, as shown by Mr. Haddon's affidavit (Contempt Rec., p. 24), which is only one part of the combination, is sold for a price which only relates to the reproducer. Complainants' records, though they may be sold with the reproducer are sold for a distinct, independent price, and the purchaser can purchase as many records with each reproducer from the complainant as he desires to, either at that time or from time to time thereafter. The sale of the reproducer only pays a royalty on that one element of the combination, and it therefore cannot free the other element. The sale of the record at an independent price frees that particular record, but it does not free the other element.

As shown by Mr. Haddon's affidavit (Contempt Rec., p. 24), if the sale of the reproducer, one element of the combination, was going to free also the record,

the other element of the combination, without a purchase of that element of the combination from the complainant, then the price of the reproducer, in order to give to the complainant its proper reasonable profit for the entire patented combination, would have to be changed and raised.

It is, therefore, clear that the doctrines of Mitchell *v.* Hawley, 16 Wall., 544, and other cases cited on pp. 65-67 of defendant's brief accompanying the petition for *certiorari,* have no application, at least as far as this point is concerned, to the case at bar.

RE DEFENDANT'S POINT THREE.

Defendant very naturally seeks to draw a distinction between the decision of Judge Shipman in American Graphophone Co. *v.* Leeds (87 Fed. Rep., p. 873), and Same *v.* Amet (74 Fed. Rep., p. 789), on the one hand, and the infringement in the case at bar on the other hand. (See Defendant's Brief accompanying the petition for *certiorari,* p. 68, etc.)

Re American Graphophone Co. v. Leeds.

The decision of Judge Shipman, in the case of American Graphophone Co. *v.* Leeds, *supra* (said Leeds, being the Loring L. Leeds, whose affidavit on behalf of the defendant in this suit appears at page 63 of the Contempt Record), is markedly applicable to the case at bar, as the circumstances of the two cases are quite similar. Some of the claims of the patent in suit involved the combination of the reproducing style, and the wax cylinder record of the vertically undulating type. The defendant sold an infringing reproducer for the purpose of reproducing sound from records made and sold by the complainant. The

defendant defended largely on the ground that, as the complainant sold the records, the purchaser had an implied license or right to supply the reproducing element. Judge Shipman, however, held that this was not so, and that the sale of the reproducing element was a contributory infringement.

He said (87 Fed. Rep., p. 878):

> "The defendants' device is an economical infringement of one element of the claim, which is sold for the purpose of being used in connection with the other element. The design of the defendants' machine, and their intent in selling it, are to have it used in connection with the engraved sound record of the complainant. * * * Infringement of the combination of claims 22, 23 and 24, is the legal result."

The Court had previously said that

> "The defendants' machine is simply for the purpose of reproducing the customary wax-like sound record of the patent, which are cut in a groove with sloping walls."

It is respectfully submitted that the circumstances of this Leeds case, and of the case at bar are very similar, and that the doctrines as laid down by Judge Shipman, are decisive of the case at bar.

Defendant's counsel, however (Defendant's Brief accompanying petition for writ of *certiorari*, p. 68, etc.), attempts to differentiate this case from the case at bar, on the ground that the reproducer was sold by the defendant in that case, and not the record, and that, therefore, the reproducer corresponded to the fixture of the Morgan Envelope Co. case, and the planing machine case, and differed, therefore, from the case at bar.

It will be observed, however, that Judge Shipman practically decides this point involved in the case at bar, by showing that the reproducer of a talking ma-

chine is no more important an element than the sound record. He shows that they are both equally important to the patenteed combination, and says that they are "*equally important.*"

Judge Shipman said:

> "The material of the record and the reproducer are each necessary parts of the invention. Either part without the other would be ineffectual, but in combination both tend to make an operative and successful instrument."

Judge Shipman also here quotes from the decision of Judge Grosscup in American Graphophone Co. *v.* Amet (74 Fed. Rep., 789), where Judge Grosscup also regards the two elements of equal importance, in fact, he seems to regard the sound record of greater importance, if anything.

Judge Grosscup says (p. 791):

> "Either, without the other, would be useless for the purpose of a graphophone or phonograph. Together they bring about a successful result. They therefore constitute a patentable combination."

Judge Shipman also says in said American Graphophone Co. *v.* Leeds (p. 876):

> "This peculiarity of the dual invention of the material for an engraved record and the reproducer, and the fact that the latter was brought into being to make the former of practical value, is of much importance in the proper construction of the quoted claims of the patent, if it should be held that the reproducer alone, though novel, is not patentable."

It will therefore be seen that both Judge Shipman and Judge Grosscup, in these cases, in considering a sound reproducing aparatus, consisting of a repro-

ducer and a record; **regarded the record as of equal, if not greater, importance than the producer element.**

It will also be borne in mind that the case at bar is even stronger in this regard than the American Graphophone *v.* Leeds, or the Amet case, as in those cases the record element was a destructible *wax* cylindrical record, not a record of hard, indestructible material, like the complainants' disc in this case.

It is, therefore, apparent that neither Judge Shipman nor Judge Grosscup regarded the reproducing element of the combination as any more durable, or important, than the record element, and that defendant's effort to liken these cases to the Morgan Envelope Co. case, and to the planing machine case must fail.

We have, therefore, the material question involved in the case at bar substantially adjudicated in American Graphophone Co. *v.* Leeds, and in the Amet case.

The defendant also (Brief accompanying petition for writ of *certiorari*, p. 68) tries to distinguish these cases from the case at bar, on the ground that they were for contributory infringement.

That is exactly what the defendant in the case at bar is liable for, among other things. The cases which have held that they were not cases of contributory infringement, are cases where the defendant has been held to do no wrong, and of course, therefore, could not be chargeable with contributing to a wrong.

If, however, the defendant is found to have done a wrong under the circumstances of the present case, he is chargeable with contributory infringement, as in the American Graphophone Co. *v.* Leeds, and in the Amet case.

It would make no difference, in the decision in the American Graphophone Co. *v.* Leeds, or in the Amet case, whether the American Graphophone Co., had sold reproducing apparatus with their records, or whether

they sold records without the reproducing apparatus, as in either case the defendant would be liable for contributory infringement.

That Judge Shipman, in his decision in the Trolley Stand case (Thomson Houston Electric Co. *v.* Kelsey & Co., 75 Fed. Rep., 1005), never intended that the rule laid down by him in the Trolley Stand case should be applicable to the records or reproducing apparatus of a talking machine, is clear from his decision in American Graphophone Co. *v.* Leeds, he having also rendered the decision in the Trolley Stand case.

Re American Graphophone Co. v. Amet, 74 Fed Rep. 789.

The defendant contends (Brief accompanying petition for writ of *certiorari*, p. 69, etc.), that Judge Grosscup clearly recognized the alleged right of the purchaser from the patentee of the sound reproducing apparatus to replace the records, originally purchased as a part of the combination, with an unlicensed record. This, we submit, is an unwarranted inference, and that Judge Grosscup makes no such decision. The claims in controversy in that case were claims 22 and 24 of the Bell & Tainter Patent, No. 341,214 (Inj. Rec., p. 387), the said claims being two of the same claims involved in American Graphophone Co. *v.* Leeds.

That Judge Grosscup regarded the two elements of the combination, viz.—the reproducing stylus and the cylindrical wax record, of equal importance, has hereinbefore been pointed out. He says (p. 791):

> "Either, without the other, would be useless for the purpose of a graphophone or phonograph. Together they bring about a successful result. They, therefore, constitute a patentable combination."

The defendant, as in the Leeds case, made and

sold a reproducer, one part of the combination, which was intended to be used in conjunction with complainant's cylindrical records. Judge Grosscup said (p. 791):

> "Without the complainant's record the defendant's device would be useless. It is never used except in connection with complainant's record. In the practical use, therefore, of defendant's device, one of the elements of complainant's combination is actually and necessarily employed."

Judge Grosscup also stated (p. 791):

> "It appears, however, that these records are sold by the complainant on the open market, and it is contended that such sale releases this element of the combination from the monopoly of the patent. I do not concur in this view. To make the graphophone more widely useful, the complainants make many records, embodying music, speech and other sounds, and distribute these, by sale, to the users of the phone. But the record thus distributed remains an integral part of the combined mechanism. It is not a product of the machine, but still a part of it."

Judge Grosscup, therefore, decides that no implied license to make, or sell, or use the other part of the combination, is granted by the sale of one part of the combination of a sound-reproducing apparatus to a purchaser.

Judge Grosscup also decides that the part sold remains an integral part of the combined mechanism.

Judge Grosscup also draws the distinction between this and many other cases, in that in sound reproducing apparatus, the object and intent of the owners of the patent is to sell records **having different selections thereon to the users of the phone.**

He also shows that in sound reproducing appa-

ratus, the record is *not a product* of the machine, but is a part of it.

Defendant's counsel, on page 70 of the brief accompanying petition for writ of *certiorari,* italicises certain portions of the quotation from Judge Grosscup's opinion in this case, which defendant's counsel evidently misunderstands. If the defendant's construction of the italicised portion should have been intended, the injunction which Judge Grosscup granted would not be a logical sequence, nor would Judge Grosscup's conclusions follow.

It is clear from a careful reading of the entire decision, that he did not mean what defendant's counsel interprets. After Judge Grosscup had made the statement of the above quoted portion of his decision, he went on to state (being the portion italicised in Defendant's Brief accompanying petition for writ of *certiorari,* p. 70):

> "It is not unusual, in many mechanisms, that some elements of their combination must be more frequently renewed than others. The sale of such parts, segregated from the machine, is only the replenishing of the combination by a substitution of a new element for the one worn out. Such action does not break the patentability of the combination. So, in this combination, substitution by sale of one or many records for another, though not due to the same necessity, ought to receive the same consideration."

Judge Grosscup meant that the sale, of such parts referred to, by the patentee "does not break the patentability of the combination," or, in other words, does not imply any license to the purchaser to make or sell the other part—the patentability of the combination is not broken by such action.

Judge Grosscup then goes on to say:

> "So, in this combination, substitution by sale

> of one or many records for another (by the patentee), though not due to the same necessity, ought to receive the same consideration."

That is, the sale by the patentee of this record, a material part of the patented combination, ought to receive the same consideration, and does not break the patentability of the combination, and does not imply rights to the purchaser to substitute.

Judge Grosscup then cites the instances of the keys of a piano, which he evidently means may be replaced by the patentee without releasing the combination, of which the keys are an element, from the monopoly of the patent; and then goes on to state that he sees no reason why the record of a graphophone may not, though for a different purpose, be likewise replaced by the patentee, without breaking the validity of the combination of his patent.

This construction is in strict accord with Judge Grosscup's opinion in this case, and is the only logical construction, especially in view of the sentence which immediately follows the above quotation as a conclusion, viz. (p. 791):

> "Inasmuch, therefore, as defendant's device is only to be used in connection with one of the elements of complainant's patentable combination, I am of the opinion that it infringes such combination as is expressed in claims 22 and 24, already quoted."

The defendant's counsel (brief accompanying petition for *certiorari*, p. 71), endeavors to draw a distinction between the Amet case and the case at bar, in that in the case at bar, there was an implied license by the sale of the reproducer and the record. It will be observed, however, that Judge Grosscup distinctly points out, where an implied license is contended for, that he does not concur in this view.

In the Amet case, Judge Grosscup shows that the complainants made many records, embodying music, speech, and other sounds, to sell to users of the patented phone.

There is also, therefore, no warrant for the alleged distinction which the defendant seeks to draw between these two cases namely, that in the Amet case there was no purchase of the combination from the patentee. Such a distinction is manifestly unwarranted, from a careful reading of the Amet case.

RE DEFENDANT'S POINT FOUR.

By this point, defendant contends that the complainant should have sold the reproducers *with restrictions,* to the effect, that nobody except the complainant could supply records to complete the combination.

The defendant, in support of this proposition, cites Heaton Co. *v.* Eureka Co., 77 Fed. Rep., 288.

This case cited has nothing to do with the case at bar, and involves a very different proposition by reason of the different state of facts. It is doubtless cited, because the decision refers, among other things, to Wilson *v.* Simpson, the planing machine case, and to the Morgan Envelope Co., case, which have heretofore been fully considered, and the distinctions pointed out.

It is also respectfully submitted that the cases cited on page 74 of Defendant's Brief, accompanying petition for *certiorari,* of Rupp *v.* Elliott, (131 Fed. Rep., 730), Tubular Co. *v.* O'Brien, (93 Fed. Rep., 200), Cortelyou *v.* Johnson, (145 Fed. Rep., 933), and Edison Electric Light Co. *v.* Peninsular Co., (131 Fed. Rep., 831), have no bearing upon the case at bar.

RE DEFENDANT'S POINT FIVE.

The defendant, in this point, contends (Brief accompanying petition for *certiorari,* p. 76), that the records in suit could have been used on a so-called "mechanical feed" device, and could have been sold for export to foreign countries, and therefore, there would be no infringement.

It is also respectfully submitted, as hereinbefore clearly pointed out (pp. 26 and 27 of this brief), that there were not, at the time of the contempt, and are not now the so-called "mechanical feed" devices in commercial use, upon which the contempt records could have been used. The defendant has utterly failed to prove that there were in commercial use any such mechanical feed devices, upon which said records could have been used, for reproducing purposes. There were and are in use a large number of mechanical feed devices for reproducing sound from *cylindrical records, such as the phonographs and graphophones,* where the cylinder is placed upon a mandrel, but defendant's records could not possibly be used in connection with these mechanical feed devices. There were none, and are none, in commercial use, which could reproduce sound from the contempt records, and the only reproducers in commercial use, in combination with which the contempt records could be used to reproduce sound, were those constructed in accordance with complainants' patent in suit, claims five and thirty-five, and shown by the affidavits of Mr. Haddon (Contempt Rec., p. 23), and Mr. Middleton (Contempt Rec., p. 21), and of these there are many thousands.

It is respectfully submitted that this point of defendant is utterly futile.

As regards records for export, there is no evidence that the defendant made any such sales of the contempt records for this purpose, if it had the right.

The evidence is clear as hereinbefore pointed out, that the contempt records sold to Platz (Contempt Rec., p. 13), and to Thompson (Contempt Rec., p. 18), and some of those sold to Bennett (Contempt Rec., p. 17), were sold with the full knowledge that they were to be used in connection with the reproducer of the complainant. *An intent to contribute to the infringement by the sale of contempt records is therefore clear, and requires no further proof.*

The fact is, also, that the only reproducers in commercial use, with which the contempt records could be used in reproducing sound, were the reproducers made in accordance with complainants' patent, for use in combination with such records.

The case of Cortelyou *v.* Johnson & Co., (145 Fed. Rep., 933), cited on page 78 of Defendant's Brief accompanying petition for *certiorari,* in the part there quoted substantiates complainants' contention in this case, and shows the defendant, in the circumstances of the present case, to be guilty of contributory infringement, as the defendant in this case sold one of the vital elements of the two part combination, with knowledge that it was to be used in combination with the other element of the combination.

RE DEFENDANT'S POINT SIX.

The defendant, by this point, seeks to contend that the complainant, by the sale of the reproducing apparatus of claim thirty-five, implies a license to the purchaser to buy from others a suitable record, where the apparatus was sold without a sound record. (Defendant's Brief, accompanying petition for *certiorari,* p. 81.)

This point has been hereinbefore considered, and it will be unnecessary to discuss again the subject at

length. Suffice it to say that this question is particularly decided in

American Graphophone Co. *v.* Leeds, 87 Fed. Rep., 873;

American Graphophone Co. *v.* Amet, 74 Fed. Rep., 789;

American Graphophone Co. *v.* Hawthorne, *et al.*, 92 Fed. Rep., 516.

Roosevelt v. Western Electric Co., 20 Fed. Rep. 724.

In this latter case, Judge Wallace (U. S. C. C., So. Dist. of N. Y.,) said:

"The case made by the motion papers is this: The complainant's patent is for an improvement in electric batteries consisting of a prism and other elements, and the claims are for the prism, and for various elements in combination with it. The defendant is selling an electric battery which contains the prism in combination with several other elements which are covered by the claims of the patent; having purchased the prisms from complainant, but having obtained the other elements of the battery from other sources.

"If it were true that the prisms are not capable of any use except in combination with the other elements covered by the several claims of the patent, the complainant can nevertheless insist that the purchasers should only be permitted to use them as substitutes for prisms which have been deteriorated or destroyed, or to sell to others. They could be used in this way without infringing the complainant's rights. * * * The motion for an injunction is granted."

See also United Nickel Co. v. California Electrical Works, 25 Fed. Rep. 475.

Thomson-Houston Electric Co. v. Ohio Brass Co., 80 Fed. Rep. 712.

Wallace v. Holmes, 9 Blatch. 65; 29 Fed. Cas. 79; 5 Fish. Pat. Cases, 37.

National Phonograph Co. v. Fletcher (117 Fed, Rep. 149).

This was a case where the defendant took the complainant's sound reproducers for phonographs, which needed no repairs, and returned them with the substitution of parts.

The defendant in this case thus made it possible for the purchasers of the complainant's phonographs and reproducers, to use that which was supplied by the defendant, and which was a part of the patented combination, in connection with, and as a substitute for, that which was sold by the complainant, and which was also part of the patented combination.

So also, in the case at bar, the defendant manufactures and sells and supplies, to the purchasers of complainants' reproducing apparatus and records (the only two elements of the patented combination, and neither of which needed to be repaired), additional records, one of the two elements of the patented combination, to be used by the purchaser of complainants' patented combination, as a substitute for one of the elements of the patented combination.

The law relating to the doctrine of repair is, therefore, inapplicable, or as Judge Thomas stated (p. 152):

> "From the foregoing it is observed that there is no occasion for repairs, and hence the law relating to that subject has no specific application. * * * The modification, SUBSTITUTION, and change of relation of parts, passes the limit of allowable repairs. Reproduction, not restoration, is intended, for there is no occasion for restoration."

So also in the case at bar, as pointed out elsewhere, the purchase of additional records is not for the purpose of the repair or restoration, but for increasing repertory of selections, and to carry out the intended purpose of the complainants, in the manner in which

the reproducers and records of the patented combination are placed upon the market. We have shown that these records are of hard, indestructible material, with a practically unlimited capacity for reproducing the sounds recorded thereon.

On page 64 of the Defendant's Brief, accompanying petition for *certiorari*, Chaffee *v.* Belting Co., 22 How., 217, is cited and quoted, as an alleged authority to justify the defendant in manufacturing and selling the contempt records for use in connection with complainants' reproducer in the combination of claim thirty-five, and to carry out the method of claim five, of the patent in suit, under what counsel for defendant terms the "*right of substitution.*"

This decision in Chaffee *v.* Belting Co., *supra*, is discussed and explained, in connection with the law relating to repairs, by Judge Thomas in National Phonograph Co. *v.* Fletcher (117 Fed. Rep., 149).

Defendant's counsel italicises the latter part of his quotation from this decision in Chaffee *v.* Belting Co., namely:

> "*he may repair it or improve upon it, as he pleases, in the same manner as if dealing with property of any other kind.*"

Judge Thomas, in National Phonograph Co. *v.* Fletcher, *supra*, quotes the same matter, stating that in Chaffee *v.* Belting Co., the Court said that it was true that the Supreme Court stated as thus quoted; but Judge Thomas explained this quotation and said (p. 154).

> "**This decision goes no further than this; that an individual owner may do what he will with a patented machine or article which is his property. * * * What a man may do for his own use, with property made pursuant to a patent, is not what he may do for the purpose of selling as another's patented article.**"

Thus it will be seen, that even if it is admitted, for the purpose of discussion, which we do not, that a purchaser of complainants' reproducer and records, would have the right to make new records, this decision of the Supreme Court in Chaffee *v.* Belting Co., *supra*, as thus explained by Judge Thomas, would not extend that right, if such a right existed, to the defendant to *manufacture and sell* the said disc sound records (an element of the sustained claims), whose office and function is to vibrate and propel the reproducing stylus, as specified in these sustained claims five and thirty-five, of the patent in suit.

And furthermore, this decision of Judge Thomas in National Phonograph Co. *v.* Fletcher, is an authority supporting one of complainants' contentions in this case, namely, that the law relating to the doctrine of repair is not here involved, since no repair is necessary.

NO IMPLIED LICENSE, AS THE REPRODUCING APPARATUS IS NOT THE COMPLETE PATENTED THING.

The general rule which implies a license to use a patented machine for the purposes for which it was intended always presupposes that the *completed* patented thing is embodied in the machine.

If, as in this case, the device, or apparatus sold, **only embodies one element** of the combination, the complete patented article is not sold. In the case at bar there could be no greater implied right to use an infringing record by the sale of a reproducing device than there would be an implied right to make or use a reproducing device by reason of the sale of a record by the complainant.

Robinson on Patents (Vol. 2, Sec. 825,) says:

"The sale of a **complete** article by one who owns a patent," implies a license.

Robinson on Patent also states, at the beginning of the same paragraph (825):

"The sale from which this universal license is implied, must, moreover, be a sale of **the precise article covered by the patent.**"

The reproducing apparatus is an *incomplete* portion of the claim, and is not, therefore, by any means, the precise article, as it lacks the material element of the record in combination.

If one element of the combination is omitted, the thing sold is not a complete patented thing. *It is not the precise article.*

The fact that it is incomplete implies on its face that there is something missing.

The purchaser and the world has notice by the Victor Company's most extensive advertising, that the Victor Company makes and sells the records to be used in combination with the reproducing apparatus.

The sale by the Victor Company of a reproducing apparatus is not an unconditional sale; it is, by the very fact that the record is still required to be purchased by the purchaser, **a conditional sale.**

United Nickel Company v. California Electrical Works, 25 Fed. Rep. 475.

In this case the Court held that the purchase by the defendant of one element of a chemical composition did not imply a license that the defendants could use that element in combination with other elements claimed in the claims in controversy in the patent in suit. The Court said (p. 479):

"The fact that they (the defendants) purchase from authorized agents this solution which

enables them to nickel-plate does not, inferentially or otherwise, authorize them to use it in nickel-plating without obtaining a license to use the invention covered by the other claims. They must also get a license to use the invention covered by the other claims, or they cannot use this without being liable as infringers. Each claim is, in effect, a separate and distinct patent; and the right to use one patent does not carry with it the right to use the others without a further license."

The Price of the Reproducing Apparatus is Merely a Portion of the Patent Profit. The Patent Profit is Divided. A Portion is Acquired from the Reproducing Apparatus and the Balance from the Record.

The Victor Company, in selling one element, only receives the price of that element, and not the price of the complete patented thing. The price is so scaled that the complainant must receive its total profit from the sale of both of the elements, in order to receive the total profit to which it is entitled.

Therefore, the Victor Company never receives its compensation for the complete thing, patented in the claims five and thirty-five, until it receives both the portion of the profit which is attached to the record and the portion of the profit which is attached to the reproducing apparatus.

If the defendant's contention be true, the complainants would have to raise their price of the reproducing apparatus so as to acquire the entire profit of the patent from that one element. This is shown by the affidavits of Mr. Haddon (Contempt Rec., p. 24), and Mr. Middleton (Contempt Rec., p. 23).

Robinson on Patents (Sec. 824, Vol. 2) says:

"This implied license rests upon the principle that the owner of the patented invention having

> once received his recompense for releasing the article from the monopoly, either in its price directly paid to him or in the license fee which he collects from its vendor, he can, therefore, neither limit nor demand compensation for its use; but by the sale delivers it from all the restrictions of the patent and makes it common property like any other personal estate."

It is, therefore, obvious that the underlying theory contended for by the defendant does not pertain in the case at bar, among other reasons, for the reasons:

(1) That the reproducing device sold is not the complete patented thing.

(2) That the owner of the patent only receives a portion of the patent profit from the sale of the reproducing device, and relies upon the sale of the other element of the patented thing for the balance of the patent profit.

(3) That the sale of the reproducing device does not, and cannot, release, therefore, the record, the other element of the combination from the patent monopoly.

(4) That the Victor Company has been making and selling records, for use in combination with the reproducing device, for a number of years, and has so notified its purchasers and the world generally, by extensive advertisement of this fact. The Victor Company derives a large portion of its profit from the patented device from the sale of these records.

(5) That the purchaser of a Victor machine, or reproducing device, almost invariably purchases Victor records with it, which allows him the full enjoyment of the patented combination purchased and the method, and no implied license to make or use infringing records could possibly be inferred.

(6) That the defendant's contention is illogical, among other reasons, for the reason that if the contention were true, the sale of a record by the complainant, the other element of the combination would equally as strongly imply a license to make, or sell, reproducing device.

(7) That there can certainly be no implied right to a third party, such as the defendant company, to manufacture and sell records to purchasers of complainants' reproducing device.

The Purchaser of Complainants' Reproducing Device Has Every Opportunity to Use and Enjoy it in a Legitimate Manner by Purchasing Complainants' Records which it is Ready to Supply.

There can be no serious contention that the purchaser of complainants' reproducing device is restricted in the enjoyment of its use if it cannot use infringing records.

The largest part of the Victor Company's business is devoted to manufacturing and selling disc records for use in connection with its reproducing device, and it has invested many hundreds of thousands of dollars for this purpose.

The Victor Company, for this purpose, employs the best and highest priced talent, for rendering selections from which to produce records, paying as much as a thousand dollars for a single selection, in some cases. It supplies all kinds of selections—records of the voices of great singers, records of famous bands, such as Sousa's, records of melodies and instrumentations, records of comic recitationists, etc., etc.

The Victor Talking Machine Company spends large sums of money yearly in its monthly catalogues, containing long lists of new records each month, and is

perhaps the largest producer of disc talking machine records in the world, and has the reputation of producing the best.

It supplies these records to the public at a reasonable figure, at substantially the same price as these infringers.

All these records of the Victor Talking Mach. ıe Company are made for sale and use in connection and in combination with the reproducing device called for in the combination of claim thirty-five of the patent in suit, to be used according to the method of claim five. It has distributors and dealers all over the United States.

Certainly, therefore, there can be no contention that the purchaser of a reproducing device cannot enjoy to the full the use of the said apparatus, or machine, which he has purchased from the complainant.

The purchaser has always the opportunity to procure additional Victor Records, and thus to enjoy the benefit of his reproducing apparatus to the full; he has also the right to sell his machine to others for similar use.

Further, the complainants have granted licenses under the patent in suit to other companies, who have made and sold disc records in large quantities, which were licensed records, which the purchaser would have the right to enjoy and use in combination with a legitimate reproducer.

Those who are now making infringing records are comparatively few, and the only effect upon the purchaser of a legitimate machine, if the complainants' contention is sustained, would be to prevent the defendant from selling him infringing records.

THE DEFENDANT IN SELLING RECORDS INFRINGES THE PROCESS CLAIM.

Westinghouse Electric Mfg. Co. v. Dayton Fan and Motor Co., 106 Fed. Rep. 724.

In this case it was contended that the process patent was susceptible of infringement only by use, and as there was no evidence of use by defendant, there was no infringement. The Court held, that as the purchasers used, the defendant intentionally contributed to the use. Defendant also contended that the claims called for certain elements of combination which they did not make, such as a dynamo circuit and motor, and that as the device as sold by them did not have these they did not infringe. The Court held:

> "There is no evidence to show that it could have any commercial value for any other purpose, and in view of the admissions of the defendant and the absence of any showing whatever to the contrary, it must be regarded as an established fact that it was sold for the purposes of this combination bringing it within the ruling of Thomson-Houston Electric Co. *v.* Ohio Brass Co., 80 Fed. Rep. 712, where it is held that—
>
> " 'One who makes and sells one element of a patented combination, with the intention and for the purpose of bringing about its use in such a combination, is guilty of contributory infringement, and is equally liable with him who in fact organizes the complete combination.' "

If Defendant Can Sell One Element of the Combination, Another Defendant Can Sell the Other, and the Decision of Court of Appeals Nullified.

It should require no argument to convince that a patentee is entitled, under the statute, to the monopoly of manufacturing and selling the whole combination going to make up his patented device.

If the defendants acts are lawful, the patentee would be only entitled to the monopoly of making and selling parts which constitute half, or a fraction, of the patented structure.

Again, which half of the patented structure would the patentee have the monopoly on, if not upon the whole?

If a party, not the patentee, has a right, without license, to make one-half of the patented structure, which half, or portion, is he entitled to make?

If a party, not the patentee, is entitled to make one-half of the patented structure, why would not some other party, not the patentee, be entitled to make the other half of the patented structure?

The position of the defendant is practically reduced to this proposition, for if defendant's counsel's argument be good, the defendant would be entitled without liability, to make the sound record forming one element of claim thirty-five, and another company, by the same course of reasoning, could not be precluded from making the other part, viz. the reproducing apparatus, with the stylus shaped for engagement with the record, mounted to be used in connection with the traveling tablet, and free to be vbrated and propelled by it.

If the one proposition be true, the other proposition should be true, and between the two defendants the patentee would have nothing.

They could also thus use themethod of claim five.

In the case of Strobridge *v.* Lindsay, 6 Fed. Rep. 510, Judge Acheson, of the Third Circuit, said in considering the question of the right of the defendant to evade a patent by dividing the patented device into two parts:

> "Truly the plaintiff's success was a barren victory, if by such an alteration as the one here adopted the injunction of this Court can be evaded. But the expedient must fail of its purpose."

NO LICENSE TO MANUFACTURE RECORDS.

Another point upon which defendant's counsel must rely to support his erroneous contention is that the sale of a machine, licenses and empowers anybody, and everyone, to *make* and sell records, for the alleged reason that the complainants, having received for such a machine a certain reasonable price, it is not entitled to make a separate charge for a record.

The defendant's contention is in effect that because the Victor Company made and sold these reproducers, anybody and everybody would be licensed to start up factories to manufacture these sound records and to sell them without restraint. Defendant's counsel appears to overlook the fact that Judge Hazel, in the Circuit Court for the Southern District of New York, (Inj. Rec., p. 63) and the Circuit Court of Appeals, for the Second Circuit, (Inj. Rec., p. 73) has held that these claims five and thirty-five were broad and basic claims, and that the record was an essential part of the claim, and that *under the decrees and injunctions the unlicensed manufacture or sale of a record of the patent in suit would be a contempt.*

The sale alone of the reproducing device by the complainants can imply no license to the purchaser to manufacture or sell records, the other and equally important part of these claims.

The authorities on contributory infringement referred to elsewhere are conclusive upon the point that the manufacture or sale of one element of a patented combination, with the intention that it shall be used with the other elements thereof, is an infringement. This case is in no manner different from the other cases where the complainant is engaged in selling both elements of the combination, and this case does not become different from the other cases as to contributory infringement because it happens to be a talking machine

composed of a reproducer and a record, instead of some of the other machines, or devices, referred to in the decisions.

The case of Travers *v.* Beyer, *et al.*, 26 Fed. Rep. 450, is a case in point, and supports the complainants' contention. This is an opinion by Judge Wallace, in the Southern District of New York, where the claim of the patent sued on, read:

> "The combination of a hammock, A, having suspension ropes, *f*, *f*, with detachable distending blocks, *g*, *g*, which are notched at their lower edge to space said ropes, *f*, *f*, substantially as specified."

In this case the defendants did not make or sell hammocks, but merely manufactured the blocks and sold them to dealers in hammocks, and were adjudged infringers. The Court held that the blocks were of no practical utility or value except for the special purpose of the patentee. And so in the case at bar, these records are of no value, and are incapable of any use, except when combined with a reproducer as set forth in claims five and thirty-five.

RE DEFENDANT'S POINT SEVEN.

The defendant, in this point, contends that an intolerable burden has been placed upon defendant's alleged right to make and sell the disc records forming a part of the combination of claim 35. (Defendant's Brief accompanying the petition for *certiorari*, p. 85).

Defendant seems to think that the Court below has imposed a burden, because Judge Lacombe comments upon the fact that the defendant did not, until after the motion, make any effort to resrict the use of the contempt records, by putting a notice thereon, regarding the limitation of their legitimate uses, and stated:

"such notice might fairly go further and advise the purchasers that to use it on one of complainant's machines would make the user an infringer."

Defendant's said Brief states that, since the finding in contempt, it has placed upon its records a label, quoted on pages 85 and 86 of Defendant's said Brief, which reads as follows:

"This record is sold for use on all mechanical feed-device machines and upon all licensed Victor, Columbia and Zonophone machines and all other machines licensed under U. S. patent No. 534,543 in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the conditions under which it is sold and an infringement."

Instead of being in conformity with Judge Lacombe's decision, this label is diametrically the opposite.

It states that these records on which it appears (alleged to have been sold since the contempt order) are sold to be used in connection with the complainants' reproducer of claim 35, and those of its licensees.

This is a most peculiar proceeding, and is apparently an abuse of the Court's order, staying the injunction.

The defendant attempts, to justify it on the ground that the injunction was stayed, pending appeal, and that, therefore, it had the right to make this statement.

This statement, contained on these defendant's records, said to have been put out since the contempt order, is, we submit, in direct violation of the decision of Judge Lacombe in the contempt, **and is a second contempt in itself.**

Many of these records will probably remain in the hands of dealers after Judge Lacombe's contempt order has been sustained by this Court, if it shall be sustained, and create great confusion in the trade, be-

ing a notice of an alleged right, which, under these circumstances, would not exist.

It is a responsibility which the defendant has assumed with its eyes open, and for which it should be punished.

Judge Lacombe did not hold that the defendant *must* label its goods, as the defendant seems to intimate, but evidently regarded the fact that it did not label them with the statement that they were to be used only in connection with mechanical feed machines, until after the contempt proceedings, as suggestive.

The label which the defendant had then prepared to put on is contained on page 82 of the Contempt Record, and states, *inter alia*,

"it is sold for use on mechanical feed machines."

This label, however, was not put on the contempt records, and if it ever was put on any of the defendant's records, it was not placed upon them until after the contempt order. It is this label to which Judge Lacombe referred.

It will also be noted that this label states:

> "This record is made from the very finest material **and can be played many times without deterioration.**"

This statement appears to negative the affidavits of defendant, of E. F. Leeds (Contempt Rec., p. 38), Bunker (Contempt Rec., p. 61) and Moeller (Contempt Rec., p. 67), relative to durability.

As before pointed out, so-called, "mechanical feed" machines, upon which these records are said to be usable, and are not, and never have been, in commercial use.

The case of Welsbach Light Co. *v.* Union Incandescent Light Co. (101) Fed. Rep. 131), cited on page 88 of Defendant's Brief accompanying petition for *certiorari*, would appear to have no application to the case at bar.

RE DEFENDANT'S POINT EIGHT.

The defendant here contends that the question raised upon the motion to punish for contempt was an entirely new question, and that the sale of the contempt records was not included in the preliminary injunction or decree.

As hereinbefore pointed out, it is respectfully submitted that the decree, as well as the preliminary injunction, was as broad as language could make it.

The injunction enjoined the defendant, among other things, from making, selling or using the "reproducing apparatus" specified in the claim, which claim was quoted in the decree. That the words "reproducing apparatus" embodies the record as well as the reproducing stylus is specifically stated in claim 35. The defendant, therefore, was specifically enjoined from making, selling or using "a traveling tablet having a sound record formed thereon"—the disc record—when forming part of the combination with the reproducer of claim 35, or when intended for use in that combination, "And from using or employing in any way the method specified in said Claim 5."

The defendant can hardly, therefore, with any degree of plausibility, contend that the decree did not specifically enjoin it from doing the contempt acts.

There was no new question involved in the contempt proceedings. The question was clearly one which had been before the Courts not only in the motion for preliminary injunction, but also Judge Hazel's opinion in the American Graphophone case (Inj. Rec., p. 63), affirmed by the United States Court of Appeals (Inj. Rec., p. 73), which very clearly shows that the disc record, such as sold by the defendant after the injunction, was a most material and substantial part of the combination.

If, therefore, as shown by complainants' motion

papers, the defendant sold these contempt records for use in connection with the complainants' reproducer of claim 35, it manifestly committed a contempt of court in violating the injunction order, which was most clear and explicit.

The defendant contends that the complainants presented no proof that the contempt records were *used* in a combination which infringed. (Defendant's Brief accompanying the petition for *certiorari*, p. 93.)

It is respectfully submitted that the evidence that the defendant sold contempt records to Platz (Contempt Rec., p. 13) and to Thompson (Contempt Rec., p. 18), and some to Bennett (Contempt Rec., p. 17), with the knowledge that they were to be used in combination with complainant's reproducer, in accordance with the method of the patent, is sufficient, as hereinbefore particularly pointed out.

It is also respectfully submitted that the fact that complainants' reproducing device was the only reproducer in use, of which there were hundreds of thousands, with which the contempt records could be used for reproducing sound, as hereinbefore particularly pointed out, would also be sufficient.

As hereinbefore set forth, complainants' counsel has had no opportunity to examine defendant's brief to be filed in this Honorable Court, so that no reference herein has or can be made to said brief, and, in the foregoing, we have endeavored to reply fully to all of the points of defence which the defendant has raised in the court below, in the defendant's brief attached to the petition for writ of *certiorari* herein, assuming that the defendant on this appeal will raise substantially the same points. However, with especial reference to the decision of the United States Circuit Court of Appeals, holding the defendant in contempt, and the dissenting opinion of Judge Wallace, we desire to answer and consider the defendant's points particularly in con-

nection with this question as they were raised in the defendant's petition for the writ of *certiorari* herein, at perhaps the risk of some repetition, for without being able to examine the said defendant's brief to be filed in this Honorable Court, we do not know in just what order or manner the different points will be submitted.

RE JUDGE WALLACE DISSENTING OPINION AND THE DOCTRINE LAID DOWN IN THE MORGAN ENVELOPE CO. CASE.

The main ground upon which the defendant apparently relied in its petition for writ of *certiorari*, is the dissent of Judge Wallace, in the Circuit Court of Appeals in these present contempt proceedings, but it is respectfully submitted that **the error of Judge Wallace's decision lies not so much in his statement of the law as in his misunderstanding of the fundamental durable character of the record disk and the important mechanical function which it has to perform in the combination of the two-element claim.** The decision of this Honorable Court, in the case of Morgan Envelope Co. *v.* Albany Perforated Wrapper Paper Co., 152 U. S. 430, *supra*, is not at variance with the decision of the majority of the court in the present case, but in accord with it, and it is respectfully submitted:

1. That while in the Morgan Envelope Co. case, the defendant's right to sell the roll of **paper to be used up** in the patented combination was admitted, the principles of law laid down in that case substantiate the decisions, in the present case.

2. That the decisions of Judge Lacombe, in the Circuit Court (Contempt Rec., p. 74), and of the majority in the Circuit Court of Appeals, in the present case (Contempt Rec., p. 90), in no manner extend the monopoly of the patent beyond the patented combina-

tion, but merely gives to the owner of the patent the control of the combination of the claim during the life of the patent.

3. That claim 35 of the patent consists of a combination of two elements only—both of which are **vital elements** and of equal importance, viz.: (1) a traveling tablet having a sound record formed thereon, (2) a reproducing stylus shaped for engagement with the record—free to be vibrated and propelled by it. To allow the defendant the right claimed by it to manufacture and sell, without license, the traveling tablet, or sound record, to be used, and intended to be used, in the combination by those who own the reproducing stylus, or other element in the patented combination, and by the method claimed in claim 5, will be to nullify the rights granted under the patent by the government.

4. The reproducing apparatus and the record are each vital elements of the two-part combination. To allow the defendant to make and sell the record, one of the elements, would by the same logic and reasoning, allow another manufacturer to make the reproducer, the only other element for use in the patented combination, and thus entirely destroy the patent right and make the patent a vain thing.

Relative to Judge Wallace's suggestion in his dissenting opinion that claim 5 might be for the function of a machine, but based his dissent upon the assumption that it was a valid claim. (See Complainants' Injunction Brief, pp. 245 to 263.)

The patent in suit h[illegible] been before the United States Circuit Court for the Southern District of New York, and the United States Circuit Court of Appeals, for the Second Circuit, in several suits, among many others, mentioned on pages 48 to 56, in the Injunction Brief, in Case No. 80, October Term, 1908, in this Hon-

orable Court, in which it has been sustained, and perpetual and preliminary injunctions issued, against substantially the same infringing devices, as follows:

United States Circuit Court, Southern District of New York; Victor Talking Machine Company, and United States Gramophone Company *v.* American Graphophone Company. Final hearing on pleadings and proofs. Hazel, D. J. Perpetual injunction granted. (140 Fed. Rep., 860.)

United States Circuit Court of Appeals, Second Circuit; Victor Talking Machine Company, and United States Gramophone Company *v.* American Graphophone Company. Appeal from decision of Hazel, D. J. Unanimously Affirmed. Re-hearing denied. Lacombe, Townsend and Coxe, Circuit Judges, (145 Fed. Rep., 351).

United States Circuit Court, Southern District of New York; Victor Talking Machine Company, and United States Gramophone Company *v.* Leeds & Catlin Co. Motion for preliminary injunction. Townsend, C. J. Motion granted (146 Fed. Rep., 534).

United States Circuit Court of Appeals, Southern District of New York, Victor Talking Machine Company and United States Gramophone Company *v.* Talk-O-Phone Company. Motion for preliminary injunction. Townsend, C. J. Motion granted. (146 Fed. Rep., 534.)

United States Circuit Court of Appeals, Second Circuit; Victor Talking Machine Company and United States Gramophone Company *v.* Leeds & Catlin Company. Appeal from decree entered on opinion of Townsend, C. J., granting preliminary injunction. Wallace, Lacombe and Coxe, Circuit Judges. Decree unanimously affirmed. (148 Fed. Rep., 1022.)

United States Circuit Court of Appeals, Second Circuit; Victor Talking Machine Company, and United States Gramophone Company *v.* Talk-O-Phone Com-

pany. Appeal from decree entered on opinion of Townsend, C. J., granting preliminary injunction. Wallace, Lacombe and Coxe, Circuit Judges. Decree unanimously affirmed. (148 Fed. Rep., 1022.)

The judgment or decree, which it is sought to have reviewed by this writ of *certiorari*, was based on the opinion of the United States Circuit Court of Appeals, for the Second Circuit, filed May 2, 1907 (Contempt Rec. p. 90), in which opinion it was stated after referring to the adjudications of this patent (fol. 136):

> "The claims protected by such adjudications are:
>
> 'a sound reproducing apparatus consisting of (1) a traveling tablet having a sound record formed thereon and (2) a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described,' (No. 35),

and the

> '*Method* of reproducing sounds from a record of the same'

consisting in

> '(1) vibrating a stylus and (2) propelling the same along the record by and in accordance with the said record substantially as described.' (No. 5.)

(the 'record' being identical with the 'traveling tablet' above mentioned)."

The preliminary injunction (Contempt Rec., p. 9), of which violation is charged, restrained the petitioner here (plaintiff in error in the Court below),—

> "from manufacturing, using or selling, until further order of this Court, sound reproducing apparatus or devices embodying the subject matter of claim 35 of the Letters Patent in suit,"

which is the claim first above quoted,

> "And from manufacturing, using or selling, or in any way disposing of apparatus or devices which embody the method specified in Claim 5."

which is the second above quoted claim,

> "And from using or employing in any way the method specified in said Claim 5."

The Sound Record a Most Vital Mechanical Element of the Two Element Combination.

The sound record is a most vital mechanical element of the two-part combination. It is a solid disc of hard material having a spirally disposed sound groove, with the sound waves recorded in the sides thereof in lateral undulations, the groove being even depth. The reproducing stylus, the second element of the combination, is shaped for engagement with the record groove, to be vibrated back and forth by the lateral undulations, in a double cam-like action, as the disc revolves, the record thus imparting to the diaphragm of the reproducer the recorded sound, at the same time, the record groove propels the reproducer through the entire length of the spiral groove, from a point near its periphery to a point near the center. **It is thus seen that this record with the double cam-like groove is a most vital part of the two-element combination, and is the active fundamental and operative mechanical element in which the reproducing stylus—the other element—is designed to be engaged, and without it the reproducing stylus could not be vibrated or propelled.**

That Judge Wallace was manifestly in error in his premise upon which he founded his dissenting opinion is clear when he states (Contempt Rec., p. 94, fol. 144):

> "It (the sound record) is, however, only a subsidiary part of the machine. Its relation to the

> machine proper is analogous to that of the **sheet of paper** in a typewriting machine, or the **stalks of corn** in a corn cutter."

If Judge Wallace's statement were the fact, there would be more ground for the dissent; that this understanding is absolutely unfounded is too clear for argument. Judge Wallace has based his whole decision upon an **erroneous premise** that the disc record or traveling tablet, having the spiral groove of even depth with the lateral undulations for vibrating the stylus point *in a double cam-like action*, was not a vital feature of the patented invention, but was a consumable thing, like a piece of paper to be consumed by a single use, or like stalks of corn to be cut up in a corn cutter.

Judge Wallace has erred, not so much in the application of the law, as in his entire misunderstanding of the fundamental and vital character of this feature of the two part combination. Had he not misunderstood the construction, as found by the majority of the court, he would have decided otherwise, as he states, *inter alia* (Contempt Rec., p. 94, fol. 145):

> "Undoubtedly he (the purchaser of the patented machine) cannot, after his machine has practically ceased to exist for any useful purpose, reconstruct it then by reparation, nor can he then reconstruct it by disorganizing it **and substituting as new parts the dominating and vital features of the patented invention.**"

This Honorable Court will see that the claim 35 of the patent in suit, which has been adjudicated, is or may be termed "**a two-element claim,**" comprising (1) a traveling tablet or record, and (2) a reproducing stylus; the latter being caused to vibrate to reproduce the recorded sounds, and simultaneously therewith to be propelled or traveled across the tablet or record, by and in accordance with the said record, that

is to say, by the spiral sound groove of even depth with lateral undulations in the sides thereof in the face of the record, as hereinbefore particularly pointed out. As set forth on pages 41-42 and 136 to 140 of this brief, **the two elements of the claims in question are equally important**, the record tablet being a most vital and important element of the combination of claim 35, and performing a most vital and important function in the combination of claim 5.

The **contempt** with which the defendant was charged was the sale of the record tablet, one of the two equally important elements of these claims, to be used with the reproducing apparatus manufactured and sold by the complainants, which was the other element of these claims. These sales being made with the knowledge that said record tablets were to be so used, and with the knowledge, as stated in the opinion of the Circuit Court of Appeals, that the (Contempt Rec., p. 91, fol. 138)

> "Leeds & Catlin records were knowingly made by the plaintiff in error to enable the owners of Victor Talking Machines to reproduce such musical pieces as they wished, by the combination of the Leeds & Catlin record with said machines:"

that is to say, the reproducers of the respondents, the other element of these claims.

On page 4, of the petition for *certiorari*, folio 10, defendant states that the complainants' machine or reproducing apparatus "was so constructed that it was intended that the record to be used thereon for the reproduction of sound could and should frequently be replaced and the sound record was of such character that the destruction thereof was certain, within a very limited period of time, if the sound record was used on the machine for the reproduction of sound." As to the **durability of these disc records**, the attention

of this Honorable Court is respectfully requested to the consideration of this feature of the case on pages 22 and 42-48, of this brief.

Furthermore the contention by the defendant that the records are but temporary, perishable and unpatented parts of the patented combination is disposed of by the opinion of the United States Circuit Court of Appeals, for the Second Circuit, in these contempt proceedings, in the following language (Contempt Rec., p. 92, fol. 139):

> "This contention is not supported by the evidence. Disc records are fragile, *i. e.*, brittle and easily broken; but they are *not perishable, i. e.*, subject to decay by their inherent qualities, or consumed by few uses or a single one. Neither are they temporary, *i. e.*, not intended to endure; on the contrary we find them capable of remaining useful for an indefinite period, and believe that they usually last as long as does the vogue of the sounds they record." (Italics ours.)

The next contention of the defendant, on page 4, folio 11, of the petition for *certiorari*, is that the complainants having sold the patented combination without restriction, the purchasers of such patented combinations were entitled to **replace** the record and to purchase such substitute records, a most vital element of the **two-element** combination, from others than the patentee, or his licensee, and that the defendant as a manufacturer has the alleged consequent right to make and sell this most important element, the records—to such purchasers **by the thousand.**

This contention is disposed of by the United States Circuit Court of Appeals, for the Second Circuit, in the following language (Contempt Rec., p. 92, fol. 140):

> "It is further contended that those who purchase the patented combination in question with-

out restriction, have lawful right to provide themselves with unpatented records made by any person whatever, by way of replacement and repair. We perceive no substantial difference in the meaning of these words. To return to use something injured or lost, or to substitute for something defaced or destroyed, another thing substantially identical, is to repair. The right of general repairing has not been questioned; but what plaintiff in error has done is not to mend or better broken or other records, nor even to furnish new records identical with those originally offered by the Victor Company:—but to place upon new discs such other sound records as are thought to command a market, and to induce users of the patented machine *not to replace, but to increase their stock of recorded words and music.*

"The right of repair is measured by the right of the owner of the patented article, and such owner when doing what is above outlined is no more repairing his machine than is one repairing a stereopticon, by changing the pictures therein to suit the whim of the person gazing through it." (Italics ours.)

This phase of the question is treated in this brief on page .

The defendant's next point on page 4, folio 12, of the petition for *certiorari*, criticises the opinion of the Court of Appeals, in holding that the defendant by supplying the record tablet, one and a vital element of the two part combination of the claims, is **guilty of reconstruction,** contending that this holding is in error, and endeavoring to draw an analogy between the facts of this case and that of the Morgan Envelope Co. *v.* Albany Paper Co., 152 U. S., 425.

Lacombe, C. J., in the United States Circuit Court for the Southern District of New York, in these contempt proceedings, disposed of this contention in the following language (Contempt Rec., p. 74):

"Nor is the substitution of these new records, *bought more frequently in order to increase the repertory of tunes than as substitutes for worn-out discs* and wholly unlike the toilet paper in Morgan Envelope case (which was destroyed by a single use), in any legitimate sense 'repairs' (see Davis Electrical Works *v.* El. Light Co., 60 F. R., 276)."

The facts involved in the Morgan Envelope case cannot be considered analogous to this case; this is evident by the statement of this Honorable Court in that case as to "the difficulty of treating the paper as an element of the combination at all."

It is plainly obvious that the record is a **vital element** in the combination of the claims in question, the claims **comprising only two elements.** And it is as manifest that the disc sound record, with the sound record groove therein containing the recorded sound waves, is a necessary element, and **the active element required to produce the sounds in combination with the reproducer.** In construing these claims, it is absolutely essential that the record be considered as an element of the combination. Therefore it is thought that the lack of analogy between the facts involved in the Morgan Envelope case and the case at bar, and the non-applicability of the doctrine of the Morgan Envelope case to the facts of the case at bar, are conclusively shown in the following excerpt from the decision of this Honorable Court, in the Morgan Envelope case:

"To repeat an illustration already put: If a log were an element of a patentable mechanism for sawing such log, it would, upon the construction claimed by the plaintiff, require the purchaser of the sawing device to buy his logs of the patentee of the mechanism, or subject himself to a charge of infringement. **This exhibits not only the impossibility of this construction of the patent, but the difficulty of treating the paper as an element of the combination at all.**"

Thus, we see in the Morgan Envelope case, that this Honorable Court, although the paper was claimed as an element of the combination, found "difficulty" in treating it as such. While in the patent, upon which this suit is founded, it is submitted, it would be impossible to consider the combination without holding the record as a **vital mechanical element thereof.**

This illustration by this Honorable Court, concerning the log and the sawing device, shows conclusively the error of Wallace, C. J., in the dissenting opinion in the court below, where he states, referring to the sound record, one element of this combination (Contempt Rec., p. 94, fol. 144):

> "Its relation to the machine proper (reproducer) is analogous to that of the sheet of paper in a typewriting machine, or the stalks of corn in a corn-cutter."

The sheet of paper, and the stalks of corn, are obviously in the same category with the log of wood referred to in the illustration of this Honorable Court. To compare a log of wood acted upon by a sawing machine; a piece of paper, printed upon by a typewriting machine; or the stalks of corn cut into sections by a corn-cutter; with the sound record of a talking machine, *which is an element that acts upon the reproducer, and produces the sounds,* it is respectfully submitted, conclusively shows the error in the dissenting opinion.

In this brief, on pages 83 to 88, and 95 to 98 and 148, this Morgan Envelope Co. case is considered at length, and the **differences in the facts** controlling the two cases pointed out, and the attention of this Honorable Court is respectfully called to such portions of this brief, in the desire to avoid repetition here. The facts in the Morgan Envelope case are manifestly not analogous to the present case, for the reason, among others, that

in that case, as Judge Lacombe states, the subsbtituted article "was destroyed by a single use" (Contempt Rec., p. 74).

The decision of this Court in Wilson *v.* Simpson, 9 Howe, 109, is considered on pages 88, 91 and 115, of this brief, to which the attention of this Honorable Court is called.

Defendant makes a **false analogy** between the cases of the Morgan Envelope Company, Wilson *v.* Simpson, etc., and the present case. The replacement of the paper in the Morgan Envelope Company, or the knives in Wilson *v.* Simpson, is a far different proposition than the use of different sound records on a talking machine. As the Circuit Court of Appeals has said, as above quoted, these talking machine discs **are not temporary,** but are **"capable of remaining useful for an indefinite period, and believe that they usually last as long as does the vogue of the sounds they record"** (Contempt Rec., p. 92, fol. 139). This is unquestionably true, or, as otherwise stated by Judge Lacombe, these records are **"bought more frequently in order to increase the repertory of tunes, and not as substitutes for worn-out discs"** (Contempt Rec., p. 74). It is the very essence of the device, that a person having a single reproducing apparatus will probably with it make an original purchase from the complainants of a large number of records, and will constantly increase the number as the records containing new selections are issued, as set forth more at length on page 45, of this brief, these records being made of hard, indestructible material, as set forth on pages 45 and 47, of this brief.

These records as shown may be used hundreds of times without any appreciable deterioration and are not to be compared with the *perishable paper* of the Morgan Envelope case, nor with the knives of Wilson

v. Simpson. Their function and use is far different, and the very nature of the use to which the paper and the knives are intended, precludes any idea of an intention that the purchaser would be entitled to replace such element.

Bearing in mind the hard indestructible nature of said records, and the fact that they can be used indefinitely, as held by the Court of Appeals, **and are in fact the means to act upon the reproducer, and to vibrate the stylus and propel it across the face of the record,** the *error of Wallace, C. J.,* in the dissenting opinion, will be apparent. The learned Judge states (in referring to the record), "*It is the thing which is to be operated on by the machine proper*" (Contempt Rec., p. 94, fol. 144). We think we have shown to the contrary, for the reproducing stylus, the other element of this two part combination, is designed and constructed not to operate, but to be operated by said record tablet, the other element, and the **record disc is the thing which operates on the reproducing stylus to impart to it the lateral vibration, and bodily movement across the face of the record.**

We submit, also, that the prominent part which this disc record plays in the combination of the claims of the patent in question (its presence being vital to the operative combination), illustrates the error of Wallace, C. J., in the dissenting opinion, wherein the learned Judge erroneously states, referring to these disc records, "Its relation to the machine proper is analagous to that of the sheet of paper in a typewriting machine" (Contempt Rec., p. 94, fol. 144). A typewriting machine is a complete mechanism, and the piece of paper is only placed therein so that the characters made by pressing the keys can be removed.

A sound reproducer, however, without the record, is a useless piece of mechanism. Without the combi-

nation of the reproducer being operatively combined with the record, nothing exists that would reproduce sound. The record is not placed on the talking machine as a sheet of paper in a typewriter to receive something from the reproducer, but is **a piece of mechanism placed thereon, to act on the reproducer, and is the operative and most vital element of the combination.**

So, also, is there **error in the analogy** in the dissenting opinion by Wallace, C. J., wherein the learned Judge states that the relation of the sound record to the machine or reproducer "is analogous to * * * the **stalks of corn** in a corn-cutter" (Contempt Rec., p. 94, fol. 144). The corn-cutter is obviously a complete and operative mechanism, and passes through the same operation whether or not stalks are fed there through. The stalks are not vital to the mechanical operation of the corn-cutter, nor is the sheet of paper necessary to the mechanical operation of the typewriter. On the other hand, however, **the talking machine disc is absolutely essential and vital to the mechanical operation of the talking machine,** for, without being combined with the reproducer, neither the reproducer nor the record perform any function, nor reproduce sounds.

Therefore, the conclusion drawn on page 5, folio 14, of the petition for *certiorari*, is upon false premise, for although the inventor has arranged his reproducer and his record with the intention that numerous of his records purchased from him by the user will be used from time to time, it is the very essence of the invention that it should be this way, as the constant playing of one selection would hardly be thought of. This is the peculiar nature of this invention; **the change in records is made, not for a repair, but for varying the amusement.**

The records do not wear out. But when an inventor produces a device, such as the paper distributing device in the Morgan Envelope Co. case, or the cutter in the Wilson *v.* Simpson case, we have a different proposition, for in these cases the replacement of the paper, or the knives, is not for amusement, but to repair a part which the inventor obviously intended should be repaired when the invention was made.

In the last contention in the petition for *certiorari*, page 6, folio 17, reference is made to Point Two (p. 60) of petitioner's brief in the Court of Appeals, a copy of which is attached to said petition. This point is treated on pages 114, etc., of this brief.

CONCLUSION.

It is respectfully submitted, as hereinbefore shown, that the decision of the Circuit Court was in accordance with the law and the facts; that the decision of the Circuit Court of Appeals, for the Second Circuit, affirming the decree of the Circuit Court was without error and in conformity with the law and facts; that the dissenting opinion in the Circuit Court of Appeals was in error, mainly in that it was founded upon a misunderstanding and misconception of the facts; and that for the reasons hereinbefore set forth, it is respectfully submitted, that there was no error in the Order of the courts below, finding the defendant in contempt, and that the said Order should be affirmed, with costs to the complainants.

All of which is respectfully submitted,

HORACE PETTIT,
Counsel for Complainants.

December 24th, 1908.

APPENDIX.

A few words are here added relative to Defendant's Point Three (Defendant's Brief, Page 90-94) in order that there may be no misunderstanding by reason of the defendant's statement regarding complainants' position.

Complainants' counsel does not rely in support of his argument herein upon any *overruled* decision of the lower Court, but relies upon the decisions of the Courts of Appeal in all cases where there has been an appeal, as well as upon the decision of the Circuit Court in cases where there has been no appeal, all of which is hereinbefore fully set forth. (Point One, Page 81-114 and Point Two, Page 114-120.)

The decision of the Court of Appeals in the case of Thomson-Houston Company *v.* Kelsey Company, 75 Fed. Rep. 1005, is freely and fully cited and quoted by complainants' counsel in support of complainants' position, particularly on pages 111, 114, 116-119, of complainants' brief. Nowhere in complainants' brief has counsel relied upon the decision of Judge Townsend in the lower Court in this case. Further comment relative to this case seems unnecessary.

In regard to the decision of the Court of Appeals in the case of Shickle, *et. al v.* St. Louis Company, 77 Fed. Rep., 739, referred to by defendant's counsel under Point Three (Defendant's brief, Page 90) as reversing the doctrine on which complainants' argument is founded, it should be here stated that, while complainants' counsel has not referred to this case in this brief heretofore, yet it is desired to here state that the decision of the Court of Appeals in that case is not antagonistic to the doctrine contended for in support of complainants' position, which it is respectfully submitted, will be apparent to this Honorable Court from a careful reading of the decision of the Court of Appeals of the Eighth Circuit in this last mentioned case. The Court of Appeals decided this case upon the doctrine of "repair," likening the facts and applying the principles laid down in Wilson *v.* Simpson, 9 How. 109, which allowed the cutters and knives of the planing machine to be renewed by the purchasers when they were worn out, on the doctrine of repair. It is under-

stood that the defendant's counsel in this present case, does not invoke the doctrine of "repair."

The Court of Appeals in this case of Shickle *v.* St. Louis Car Company, *supra,* however, was particular to state:—

"We would not be understood as deciding that the defendant company has the right to manufacture the knuckles which form a part of complainant's device, and to sell them indiscriminately to all persons who see fit to buy them; for, clearly, such is not the law."

Further: A method claim is also infringed.

In addition to complainants' argument heretofore set forth, regarding contributory infringement of claim 35, the case at bar presents another important feature which differentiates it from the cases cited by the defendant, in that the subject-matter of this suit is not only an apparatus claim which is infringed by the contributory acts of the defendant, but also a *method* claim, which was not the case in the several authorities cited by the defendant.

The defendant in the present case manufactures and sells a sound record, which is one of the essential means or mediums employed in carrying out the method or process of claim 5 of the patent in suit, and can only be used in such a method, which was well known to the defendant.

The complainants, by selling a particular reproducing apparatus of a particular construction, such as is embraced in the apparatus of claim 35, did not, and cannot be presumed to have granted a general license to the purchaser, or to anyone else, such as a manufacturer like the defendant, to use and operate the method of claim 5. The only implied license which the purchaser had was to use that particular machine as constructed, in conjunction with the parts of which it was composed. No license to the purchaser could extend beyond this. Therefore, the defendant, in manufacturing and selling to the public the disc records, which could only be used in carrying out the said method of claim 5, was wilfully and wantonly contributing to the violation of said method claim, in addition to the apparatus claim 35.

The case at bar is, therefore, even stronger than the cases cited by the complainants' counsel in support of his position, and is thus further differentiated from the authorities cited by defendant.

Office Supreme Court, U. S.
FILED.
FEB 11 1908
JAMES H. MCKENNEY,
CLERK.

SUPREME COURT OF THE UNITED STATES

October Term, 1907. Nos. 80 & 81

LEEDS & CATLIN COMPANY

v.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY.

Petition of Victor Talking Machine Company and United States Gramophone Company, Complainants Below, Herein Referred to as the Respondents, for Additional Security to Indemnify Respondents for Damages and Profits Due to Infringement Accruing During Period of Stay of Decree for Preliminary Injunction; Affidavits in Support Thereof; Notice of Submission of Petition with Proof of Service.

HORACE PETTIT,
Counsel for Respondents,
604 Stephen Girard Building,
Philadelphia, Pa.

International, 236 Chestnut St.

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Supreme Court of the United States.

October Term of 1907. Nos. 307 and 308.

Leeds & Catlin Company,

Petitioner,

v.

Victor Talking Machine Company and United States Gramophone Company.

To

Louis Hicks, Esq.,
Counsel for the Petitioner,
No. 71 Nassau street, New York, N. Y.

Dear Sir:

You will please take notice that on Monday, February 24, 1908, at the opening of court, or as soon thereafter as counsel can be heard, I shall submit to the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States at the court room of the United States Supreme Court, at Washington, District of Columbia, a petition of the Victor Talking Machine Company and United States Gramophone Com-

pany, respondents herein, for additional security by the Leeds & Catlin Company, the petitioner in the above entitled cause, to indemnify respondents for damages and profits due to infringement accruing during period of stay of decree for preliminary injunction and the preliminary injunction.

A copy of the petition and copies of the affidavits of Harry Cobb Kennedy and Louis F. Geissler, Belford G. Royal and Albert C. Middleton in support of said petition, and the exhibits referred to in said petition and affidavits are served upon you herewith.

HORACE PETTIT,
Counsel for Respondents.

Philadelphia, Pa.,
February 8, 1908.

COMMONWEALTH OF PENNSYLVANIA,
COUNTY OF PHILADELPHIA, } *ss.*:

Harry Cobb Kennedy, being duly sworn according to law, deposes and says that he resides at Overbrook, Pennsylvania, and that prior to February 8, 1908, he was of lawful age, and that on February 8, 1908, he served a copy of the foregoing notice and a copy of the attached petition of the Victor Talking Machine Company and United States Gramophone Company for additional security to indemnify respondents for damages and profits due to infringement accruing during the period of stay of decree for preliminary injunction, and the preliminary injunction, and the affidavits of Harry Cobb Kennedy, Louis F. Geissler, Belford G. Royal and Albert C. Middleton in support of said petition, upon Louis Hicks, Esq., of 71 Nassau street, New York, N. Y., by deposit-

ing said copies of said notice, petition and affidavits enclosed within a sealed envelope addressed to Louis F. Hicks, Esq., 71 Nassau street, New York, N. Y., in the registered mail of the United States, at the Post Office in Philadelphia, Pennsylvania, and received for the same, United States Post Office Registry Receipt, for letter No. 83,934, which is attached hereto and upon which he has placed his initials and this date, namely, 2/10/08.

HARRY COBB KENNEDY.

Sworn to and subscribed before me this tenth day of February, A. D. 1908.

ALEXANDER PARK,
(SEAL) *Notary Public,*
604 Stephen Girard Bldg.,
Philadelphia.

Commission expires February 6, 1909.

IN THE SUPREME COURT OF THE UNITED STATES.

October Term, 1907. Nos. 307 and 308.

LEEDS & CATLIN COMPANY,
Petitioner,

v.

VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY.

PETITION OF VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY, COMPLAINANTS BELOW, HEREIN REFERRED TO AS THE RESPONDENTS, FOR ADDITIONAL SECURITY TO INDEMNIFY RESPONDENTS FOR DAMAGES AND PROFITS DUE TO INFRINGEMENT ACCRUING DURING PERIOD OF STAY OF DECREE FOR PRELIMINARY INJUNCTION AND THE PRELIMINARY INJUNCTION.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

The Victor Talking Machine Company and the United States Gramophone Company hereby petition this Honorable Court, and respectfully show:

First.—This is a patent suit in equity brought to this court on two writs of *certiorari* to the United States Circuit Court of Appeals for the Second Circuit, which court on October 22, 1906, on the appeal of said defendant below, Leeds & Catlin Company, affirmed the decree

for preliminary injunction entered in the Circuit Court of the United States for the Southern District of New York on May 2, 1906, and which court also on May 8, 1907, on the appeal of said defendant below, Leeds & Catlin Company, affirmed the decree made and entered in the said Circuit Court of the United States on January 11, 1907, finding the defendant, Leeds & Catlin Company, in contempt of court for having violated the said writ of preliminary injunction.

Second.—The patent in suit, No. 534,543, issued February 19, 1895, to Emile Berliner, for gramophone, of which only claims 5 and 35 are involved, (T. No. 307, pp. 452-462). As stated in the specification of said patent the invention therein patented "has reference to improvements in the method of and apparatus for recording and reproducing sounds," and the reproducing apparatus therein shown, described and claimed, is adapted to reproduce sounds from a record thereof formed in a flat disc of hard material in which the stylus, or needle, connected with a suitable diaphram is free to be vibrated and propelled by and in accordance with the sound record. The particular sound record, or traveling tablet, described in said letters patent, is a flat disc of hard material on which the sounds are recorded by means of lateral undulations in a groove of substantially even depth, the sounds being reproduced in a sound box by the vibrations of the stylus, or needle of the reproducing apparatus traveling in the groove. When it is desired to reproduce the sounds recorded on such a record or traveling tablet, the stylus, or needle, is placed in engagement with the outer end of the spiral groove, and the disc is rotated by suitable means. As the disc or sound record rotates, the stylus or needle is vibrated laterally by the undulations in the sides of the groove, thereby reproducing the sounds in the sound box of the repro-

ducing apparatus, and at the same time, the stylus, or needle, is propelled by the said groove, and is carried across the face of this sound record, that is to say, it operates according to the method claimed in claim 5 of said patent, which reads, as follows:

> "5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described."

Claim 35 of said patent is for apparatus, and reads as follows:

> "35. In a sound reproducing apparatus consisting of a travelling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and free to be vibrated and propelled by the same, substantially as described."

These claims have been held to be good and valid in several suits before the Circuit Court of the United States for the Southern District of New York, and by the Circuit Court of Appeals for the Second Circuit, in these cases (T. No. 307, p. 546), and in the case of Victor Talking Machine Co., *et al. v.* the American Graphophone Co. (T. No. 307, p. 73), in which latter case the opinion of the said Circuit Court of Appeals being found in 145 Fed. Rep., p. 351.

The contempt proceedings, above referred to, and which are now before this Honorable Court, case No. 308, were founded on the contention of these respondents, complainants below, that the said defendant below, Leeds & Catlin Company had violated said writ of preliminary injunction by making, using and selling a traveling tablet having a sound record thereon, the first element of said claim 35, for use in connection with the reproducing stylus the other element of the said

claim 35. There was no dispute in the courts below in said contempt proceedings that the said defendant below, Leeds & Catlin Company had, after the service upon it of said writ of preliminary injunction, made and sold flat disc sound records which were made and sold to be used in connection with the reproducer of the patent in the combination specified in claim 35 and intended to be operated in accordance with the method of claim 5. The courts below have upheld the contention of these respondents, complainants below, that such sales, by the said Leeds & Catlin Company, were contributory infringements and in violation of the injunction. (See decision of Judge LACOMBE in Circuit Court (T. No. 308, p. 74), and decision of United States Circuit Court of Appeals, Second Circuit (T. 308, p. 90). Under the order granted in the court below, the decree for preliminary injunction and the preliminary injunction were stayed, and the said defendant below, Leeds & Catlin Company, has continued, and still continues, the sale of said sound records for said use.

Third.—On May 13, 1907, the said defendant below, Leeds & Catlin Company, presented its petitions to this Honorable Supreme Court of the United States praying for the grants of the said writs of *certiorari* to review the said decree for an injunction of the said United States Circuit Court of Appeals, and also to review the said judgment of the said United States Circuit Court of Appeals, finding the said Leeds & Catlin Company in contempt, and that said petitions for said writs of *certiorari* were on May 27, 1907, granted by this Honorable Supreme Court of the United States, and on May 28, 1907, the said writs of *certiorari* were issued to the said United States Circuit Court of Appeals, and the returns upon the said writs of *certiorari* have been made to this Honorable Supreme Court of the United States, and the cases dock-

eted on the calendar of this Honorable Supreme Court bearing Nos. 307 and 308 of the October Term, 1907, respectively. The said cases have not as yet been reached on the calendar of this Honorable Supreme Court of the United States for argument, and although it is possible that said cases may be reached at the present term of this Honorable Court, it now seems proable that neither of the said cases will be reached for argument before the October, 1908, Term of court.

Fourth.—That the issuance of the said writ of preliminary injunction was stayed pending appeal from said decree granting preliminary injunction, and the defendant, the Leeds & Catlin Company, was required to file a bond in the sum of $10,000 to indemnify the respondents herein for damages and profits due to infringement accruing during the period of stay of said preliminary injunction under the order of Judge Townsend of May 2, 1906. (T. No. 307, p. 330.) This bond was filed May 8, 1906, a copy of which is annexed to this petition and made a part thereof, being marked "Exhibit A," and to distinguish this bond from the later bond for $10,000 filed in this suit by the said defendant, the Leeds & Catlin Company in the contempt proceedings, it will hereafter be referred to as "Preliminary Injunction Bond."

Fifth.—That on appeal to the United States Circuit Court of Appeals, for the Second Circuit, the said decree of the court below, of May 2, 1906, granting preliminary injunction, was affirmed (T. No. 307, p. 546), and in conformity with the order of the said United States Circuit Court of Appeals for the Second Circuit, a mandate issued affirming the said decree of the Court below, and was filed in said United States Circuit Court for the Southern District of New York on October 27,

1906, and on the same day a decree in accordance with said mandate was signed and filed.

Sixth.—That on the same day, to wit, October 27, 1906, a writ of preliminary injunction was issued out of said United States Circuit Court for the Southern District of New York (T. No. 308, p. 9), and was duly served by the United States Marshal on October 29, 1906, on the said Leeds & Catlin Company, the defendant below (T. No. 308, p. 9).

Seventh.—That on November 19, 1906, there was issued out of the said United States Circuit Court for the Southern District of New York a rule to show cause why an attachment should not issue against the defendant below, the Leeds & Catlin Company for contempt of Court by reason of violating and disobeying the said preliminary injunction as set forth in paragraph second of this petition (T. No. 308, p. 4), which rule was duly served by the United States Marshal on the said defendant on the same day (T. No. 308, p. 27).

Eighth.—That on January 11, 1907, on the return of the said rule to show cause, it was ordered, adjudged and decreed that the said defendant below, Leeds & Catlin Company, was in contempt of court for having violated the said writ of preliminary injunction so issued and served as aforesaid; and it was further ordered, adjudged and decreed that a fine should be imposed upon said defendant below, Leeds & Catlin Company, in the sum of one thousand dollars ($1000) (T. No. 308, p. 75).

Ninth.—That on January 11, 1907, upon motion of counsel for the defendant below, and upon the filing of security for one thousand dollars ($1000), (T. No. 308, p. 78), the payment of said fine of one thousand dollars

($1000), so imposed, was stayed pending appeal from said order on contempt (T. No. 308, p. 76).

Tenth.—That on January 11, 1907, on motion of counsel for the defendant below for an order staying the decree for preliminary injunction and preliminary injunction theretofore granted and issued, so far as the same had been construed by the court on the said motion for contempt to enjoin and restrain defendant from selling disc sound records for use in the United States upon machines sold by the complainants below, (respondents herein), and their licensees, together with disc sound records, pending an appeal from said order on contempt, it was ordered, adjudged and decreed that said motion of defendant below for said stay be and was granted; provided, that the appeal from said order on contempt be promptly taken and diligently prosecuted; and provided, also, that the said defendant below, Leeds & Catlin Company, within fifteen (15) days from said January 11. 1907, file with the clerk of the said United States Circuit Court for the Southern District of New York, a bond in the sum of ten thousand dollars ($10,000), (Contempt Bond), with sufficient surety, to be approved by said clerk of the court, as security to indemnify the complainants below (respondents herein), for damages and profits due to infringement accruing during the period of said stay of said preliminary injunction; and provided, also, that the said defendant below, Leeds & Catlin Company, should file on the first day of each calendar month, during the period of said stay, and on the last day of said stay, with the clerk of said court, a sworn statement showing the number of infringing devices sold by it during the month, or part of the month, preceding (T. No. 308, p. 77).

Eleventh.—That as these respondents are informed and believe, said defendant below, Leeds & Cat-

lin Company, filed security for one thousand dollars ($1000), for the payment of said fine of $1000 (T. No. 308, p. 78), and filed with the clerk of said court a bond for the amount of ten thousand dollars ($10,000), a copy of which bond is annexed hereto and made a part of this petition and marked "Exhibit B" (Pet., p. 24), and which will be hereafter referred to as "Contempt Bond." In said bond, the said defendant below, Leeds & Catlin Company, as principal, and the National Surety Company as surety, bound themselves to pay to the said complainants below (respondents herein), $10,000 for damages and profits due to infringement of said claims 5 and 35 of the patent in suit during the period of stay of said preliminary injunction due to the granting of said order of January 11, 1907, partially staying the preliminary injunction (T. 308, p. 77) the obligation of the Leeds & Catlin Company and its surety in said bond, being that if said Leeds & Catlin Company failed to make good their appeal by writ of error, they would pay to the complainants below, respondents herein

> "all damages and profits due to infringement of claims 5 and 35 of letters patent to Emile Berliner, No. 534,543, granted February 19, 1895, during the period of said stay."

The payment of said fine was accordingly suspended and the said preliminary injunction was stayed in conformity with said order of January 11, 1907.

Twelfth.—That upon writ of error, the said order holding the said defendant in contempt of court, and so imposing a fine of one thousand dollars ($1000), was taken to the United States Circuit Court of Appeals for the Second Circuit for review, and in an opinion filed May 2, 1907 (T. No. 308, p. 90), the said order of the United States Circuit Court for the Southern District of New York, holding the Leeds & Catlin Com-

pany for contempt of court, and so imposing said fine, was affirmed, and on May 8, 1907, an order of affirmance by said United States Circuit Court of Appeals for Second Circuit was signed and filed (T. No. 308, p. 96).

Thirteenth.—That on May 8, 1907, upon the motion of the defendant below, the Leeds & Catlin Company, the issuance of the mandate affirming the court below, was stayed until May 29, 1907, by an order made and entered on said May 8, 1907, upon the representation of counsel for defendant below, the Leeds & Catlin Company, that a petition would be made to this Honorable Supreme Court of the United States for writ of *certiorari* to review the order holding said defendant below, the Leeds & Catlin Company, in contempt and imposing said fine. A certified copy of said order of May 8, 1907, is attached to the affidavit of Harry Cobb Kennedy in support of this petition, and is marked "Order of May 8, 1907, Staying Issuance of Mandate."

Fourteenth.—That as set forth in paragraph third of this petition, this Honorable Supreme Court of the United States, on May 27, 1907, granted its writs of *certiorari* to review the decrees of the courts below, granting the said preliminary injunction, and holding said defendant below, the Leeds & Catlin Company, in contempt of court for disobedience of said injunction, said writs of *certiorari* being issued on May 28, 1907.

Fifteenth.—These respondents further respectfully show, that the bond of ten thousand dollars ($10,000), Contempt Bond, which was required to be filed by the defendant below, Leeds & Catlin Company, on January 11, 1907, as security to indemnify the complainants below (respondents herein), for damages

and profits due to infringement accruing during the period of stay of the preliminary injunction subsequent to January 11, 1907, the date of the decree in contempt, hereinbefore referred to, was fixed at this amount, provided, among other things, that the appeal from said order on contempt should be promptly taken and diligently prosecuted, and contemplated, therefore, only a probable period of stay of said preliminary injunction until the said writ of error could be heard and determined by the United States Circuit Court of Appeals for the Second Circuit, provided said appeal was promptly taken and diligently prosecuted; that is to say, before the adjournment in May, 1907, of the said United States Circuit Court of Appeals for the Second Circuit of its then October Term, 1906. It did manifestly not contemplate a longer stay, or beyond that which would be determined by the affirmance or reversal of said order holding the Leeds & Catlin Company in contempt at the then October Term, 1906, of the Appellate Court, namely, that said bond of ten thousand dollars ($10,000) (Contempt Bond), should be a security to indemnify the complainants below, (respondents herein) for damages and profits due to the infringement accruing during the period of a stay of about four or five months of the said preliminary injunction, and is inadequate to indemnify the complainants below, for the damages and profits which have accrued during the stay of over twelve months the language of the bond being that the Leeds & Catlin Company and its surety, were obligated to pay to the complainants below

> "all damages and profits due to infringement of claims 5 and 35 of letters patent, to Emile Berliner, No. 534,543, granted February 19, 1895, during the period of said stay."

Sixteenth.—These respondents further respect-

fully show, that as the said appeal from the order of the court below holding defendant below, Leeds & Catlin Company, for contempt, and imposing said fine, was argued on April 9, 1907, before said Unted States Circuit Court of Appeals for the Second Circuit, and on May 2, 1907, as aforesaid, an opinion (T. No. 308, p. 90), was filed by said United States Circuit Court of Appeals for the Second Circuit affirming the said order of the court below on contempt, the period required for the decision of the said United States Circuit Court of Appeals contemplated by Judge LACOMBE when he fixed the amount of the bond at $10,000, was a period of less than four months.

Seventeenth.—These respondents further respectfully show that these cases are numbered 307 and 308 on the calendar of the October Term, 1907, of this Honorable Supreme Court of the United States, and they are informed and believe that, according to the usual and ordinary course of procedure in the argument of cases before this Honorable Court, although they may possibly be called for argument at the present term of this court, it may be October or November, 1908, before these cases shall be called for argument on the calendar of this court, in view of their position on said calendar; that is to say, almost eighteen months subsequent to the termination of the period of stay of said preliminary injunction, which was apparently contemplated by the United States Circuit Court for the Southern District of New York, when requiring a bond of ten thousand dollars ($10,000) (Contempt Bond), to indemnify the complainants below (respondents herein), for the period of the stay of said preliminary injunction. These respondents further show that the period of stay of said preliminary injunction, when taking into consideration the probable time at which these cases may be decided, and until the mandate

of this Honorable Court thereon, should there be an affirmance, will probably be considerably in excess of eighteen months.

Eighteen.—That on a conservative basis, the probable average profit of the said defendant below, Leeds & Catlin Company, upon each of said infringing records sold by it is at least twenty cents. This estimate is made after a careful consideration of the cost of the ingredients which are used in the construction of the said infringing articles, of the cost of manufacturing of the same and the cost of placing the same upon the market, including charges in manufacturer's profit and the making of the original records. The number of the infringing articles sold by the said defendant below, Leeds & Catlin Company, during the period from January 11, 1907, to February 1, 1908, as appears from the monthly sworn statements of the Leeds & Catlin Company, copies of which are annexed to the affidavit of Harry Cobb Kennedy, accompanying this petition, is 555,118, and the profits accruing to the said defendant below, Leeds & Catlin Company, from such sales would be at least $111,023.60 and at the same rate to June 1, 1908, would be $146,551.60. These respondents are without any adequate security whatever for the payment to them by the said Leeds & Catlin Company of these profits, should these respondents prevail in said cases Nos. 307 and 308, before this Honorable Court. Furthermore, as stated above, it is possible that the argument of said cases, Nos. 307 and 308, will probably not be heard by this Honorable Court before October or November, 1908, thereby causing a further period during which the said defendant below, Leeds & Catlin Co., may continue to sell the infringing articles. receiving the profits therefrom and for the payment of which to these respondents, should they prevail before this Honorable Court, there is no adequate se-

curity. An approximation of the number of infringing articles which will probably be sold by the said defendant below during this period, from February 1, 1908, to October, 1908, may be fairly arrived at by assuming that the average sales per month will be at least as great a number as the average sales per month during the twelve months last past, which is, approximately, according to the monthly sworn statements of the said defendant below, Leeds & Catlin Company, 44,410, although, as a matter of fact, the filed sworn statements of the monthly sales of the infringing articles show that these sales are increasing. The period from February 1, 1908, to October, 1908, consists of eight months, and the total number of sales during this period would therefore reasonably be not less than 355,280, and the profits derived therefrom by the said Leeds & Catlin Company, would be not less than $71,156.00. This, of course, is not considering the necessary lapse of time which may accrue between the hearing of said cases and the rendering of the decisions thereon.

It is respectfully submitted that the said defendant below, Leeds & Catlin Company, should be required to give additional security to indemnfy your respondents for the *profits* which have accrued since May 8, 1907, to date, as shown, and which will probably accrue, and which may reasonably be estimated to be at least the sum of $182,179.60. The facts herein set forth are fully corroborated by the affidavits hereto attached forming part of this petition, the affidavits of Louis F. Geissler and Belford G. Royal, and A. C. Middleton.

Nineteenth.—That these respondents are being irreparably damaged by the continuance by the said defendant below of its sales of the said infringing articles to the trade and the public generally. These respondents have built up a large and prosperous business which is founded on the reputation which the

goods manufactured by them bear for quality and durability. The sale by the said defendant below of the said infringing articles manufactured by it, not only takes away from these respondents the profits to which they are justly and legally entitled, but also, among other reasons, the said infringing articles manufactured and sold by the said defendant below being of inferior material and quality, and not as durable as the articles made by these respondents, great and irreparable damage and injury is done to the talking machine business of these respondents in general, and to the good will of the said business, and to the market value of the stock of the said respondents, and to their assets in general. An approximation of the amount of *damage* thus being done to these respondents by the said defendant below may be fairly and reasonably stated to be at least the sum of $80,000.00, as set forth in the affidavit of Louis F. Geissler, General Manager, and A. C. Middleton, Secretary of the Victor Talking Machine Company, one of these respondents, which accompanies this petition and is made a part hereof. (Pet. p. 55.)

Twentieth.—At it appears from the above, and from the affidavits filed in support of this petition, a reasonable estimate of the *profits* that have accrued and which will accrue to the Leeds & Catlin Company, the defendant below, from the sale of said infringing articles during the period of stay of said preliminary injunction, until the mandate of this Court thereon, is at least $182,179.60, and as it further appears that a reasonable estimate of the amount of *damage* to which the respondents have been and will be subjected by reason of the infringing acts of the Leeds & Catlin Company, defendant below, is about $80,000.00; and taking into consideration the steady increase in the sales by the Leeds & Catlin Company, defendant below, of the

infringing articles, these respondents respectfully submit that additional security in the sum of at least $200,000.00 should at this time be required of the Leeds & Catlin Company, defendant below.

That these respondents herein are presenting this petition to this Honorable Court at the earliest opportunity therefor. As stated in the affidavit of Harry Cobb Kennedy which forms a part of this petition and is found in (Pet. pp. 29-50), the petitions for the said writs of *certiorari* were granted by this Honorable Court on May 27, 1907, the last day of the October Term, 1906, of this Honorable Court. This Honorable Court next convened in session in October, 1907, and upon advice received from officers of this Honorable Court, it was found impossible to present this petition until printed transcripts of the records of these cases were received from the clerk of this Honorable Court to enable these respondents herein to make proper references thereto, and to make an orderly presentation of this petition to this Honorable Court. As further appears from the said affidavit of Kennedy (Pet. p. 35), the said transcripts of records were not printed and received by the counsel for these respondents herein, until about the middle of December, 1907, and two recesses of this court have occurred in the meantime, and it is respectfully submitted that this petition is diligently presented to this court thereafter.

WHEREFORE, these respondents respectfully petition this Honorable Supreme Court of the United States, for an order requiring the Leeds & Catlin Company, defendant below, to file with the clerk of this Court, or other official as this Court may direct, at a time therein to be stated, additional security in the sum of two hundred thousand dollars ($200,000.00), with sufficient surety to be approved by the clerk of this Court, to indemnify the respondents herein for damages and profits due to infringement accruing during

the period of stay of the said preliminary injunction, from and after the date of the order of affirmance of the decree for contempt in this cause in the United States Circuit Court of Appeals for the Second Circuit, namely, since May 8, 1907.

And your petitioners will ever pray:

VICTOR TALKING MACHINE COMPANY,
By ALBERT C. MIDDLETON,
Secretary.

HORACE PETTIT,
Counsel for Respondents.
604 Stephen Girard Building,
Philadelphia, Pa., February 8, 1908.

COMMONWEALTH OF PENNSYLVANIA, }
COUNTY OF PHILADELPHIA, } *ss.*:

Albert C. Middleton, being duly affirmed, says that he is the secretary of the Victor Talking Machine Company, one of the respondents herein; that he has read the foregoing petition, and knows the contents thereof, and that the same is true according to his knowledge, except as to the matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true.

ALBERT C. MIDDLETON.

Affirmed to and subscribed
before me this 8th day of
February, 1908.

ALEXANDER PARK,
Notary Public,
Commission expires Feb. 6, 1909,
604 Stephen Girard Bldg.,
Philadelphia.
(SEAL)

ALEXANDER PARK,
Notary Public,
Commission expires Feb. 6, 1909,
604 Stephen Girard Bldg.,
Philadelphia,
(SEAL)

EXHIBIT A.

KNOW ALL MEN BY THESE PRESENTS, That we, LEEDS & CATLIN COMPANY, of No. 53 East 11th Street, in the Borough of Manhattan, City of New York, as principal, and the FEDERAL UNION SURETY COMPANY, a corporation organized under the Laws of the State of Indiana, and lawfully transacting business in the State of New York, and having an office and usual place of business in said State at No. 35 Nassau Street, in the Borough of Manhattan, City of New York, as surety, are held and firmly bound unto VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY in the sum of Ten thousand ($10,000) Dollars for the payment of the obligation hereinafter recited, we bind ourselves each of us, our successors and assigns, jointly and severally, firmly by these presnts.

Sealed with our seals and dated this 4th day of May 1906.

WHEREAS on the 2nd day of May, 1906, an order was made by the Honorable William K. Townsend and filed in the United States Circuit Court, Southern District of New York May 2nd, 1906, in a proceeding entitled Victor Talking Machine Company and United States Gramophone Company, Complainants, *vs.* Leeds & Catlin Company, Defendant, in Equity No. 8797, suspending the operation of an injunction against the said defendant until the hearing and determination in due course, of an appeal taken to the U. S. Circuit Court of Appeals as in said order provided.

AND WHEREAS as a condition upon which the opera-

tion of said injunction was suspended a bond was ordered to be filed in the sum of Ten thousand ($10,000) Dollars.

NOW THEREFORE the condition of this obligation is such, that if the said defendant in said action, that is Leeds & Catlin Company, failing to make the said appeal good, shall pay to the complainants, Victor Talking Machine Company and United States Gramophone Company, all damages and profits due to infringement of claims 5 and 35 of Letters Patent to Emile Berliner, No. 534,543, granted February 19th, 1895, during the suspension of said injunction, then this obligation to be void, otherwise to remain in full force and virtue.

L. S.

LEEDS & CATLIN COMPANY,
By E. F. LEEDS,
President.

FEDERAL UNION SURETY COMPANY,
By ROBERT M. NUGENT,
Res. Vice-President.

Attest: F. STEARNS EDICK,
Res. Asst. Secretary.

STATE OF NEW YORK,
COUNTY OF NEW YORK, } *ss.*:

On the 5th day of May, 1906, before me personally came Edward F. Leeds, to me known, who being by me duly sworn did depose and say that he resides in Borough of Brooklyn, New York City; that he is president of the LEEDS & CATLIN COMPANY, the corporation described in and which executed the above instrument; that he knew the seal of said corporation; that the seal

affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

(NOTARY'S SEAL) LOUIS HARTMANN,
Notary Public for West Chester Co.
Certificate filed in New York Co.

FORM OF AFFIDAVIT, ACKNOWLEDGMENT, AND JUSTIFICATION BY GUARANTEE OR SURETY COMPANY.

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } *ss.:*

On this fourth day of May, one thousand nine hundrd and six, before me personally came Robert M. Nugent, known to me to be the resident vice-president of the Federal Union Surety Company, the corporation described in and which executed the annexed bond of Leeds & Catlin Company as surety thereon, and who, being by me duly sworn, deposes and says that he resides in the City of New York, State of New York; that he is the resident vice-president of said company, and knows the corporate seal thereof; that said Federal Union Surety Company is duly and legally incorporated under the laws of the State of Indiana; that said company has complied with the provisions of the Act of Congress of August 13, 1894, allowing certain corporations to be accepted as surety on bonds; that the seal affixed to the annexed bond (Form) of Leeds & Catlin Company is the corporate seal of said company, and was thereto affixed by order and authority of the board of directors of said company; and that he signed his name thereto by like order and authority as resident vice-president of said company; and that he is acquainted with F. Stearns Edick and knows him to be the resident assistant secretary of said company, and

that the signature of said F. Stearn Edick subscribed to said bond is the genuine handwriting of said F. Stearns Edick and was thereto subscribed by order and authority of said board of directors, and in the presence of said deponent; and that the assets of said company, unincumbered and liable to execution, exceed its claims, debts and liabilities of every nature whatsoever, by more than the sum of two hunderd and fifty thousand dollars. Robert M. Nugent, of New York City, New York, is attorney for service of process in the district for which this bond is given.

ROBERT M. NUGENT.

Sworn to, acknowledged before me and subscribed in my presence this fourth day of May, 1906.

L. S. CATHRYN F. ASPELL,
Notary Public,
New York Co.

Cert. filed in Kings, Queens, Suffolk, Richmond and Westchester Counties.

(Endorsed: U. S. Circuit Court, Southern District of New York—Victor Talking Machine Company and United States Gramophone Company, complainants, against Leeds & Catlin Company, defendant. Bond suspending injunction surety: Federal Union Surety Company. Filed May 8, 1906. Approved as to form and also as to sufficiency of sureties, with reservation, however, to the complainants of the right at any time to examine the proper officers of the Surety Company under oath, touching its assets, liabilities and financial condition generally. John A. Shields, clerk Circuit Court of the United States for the Southern District of New York.)

EXHIBIT B.

CIRCUIT COURT OF THE UNITED STATES,
SOUTHERN DISTRICT OF NEW YORK.

No. 8797, on Patent No. 534,543.

IN EQUITY.

ALEXANDER PARK.
Notary Public,
Commission expires Feb. 6, 1909.
604 Stephen Girard Bldg.,
Philadelphia.
(SEAL)

Victor Talking Machine Company and United States Gramophone Company,

Complainants,

v.

Leeds & Catlin Company,

Defendant.

KNOW ALL MEN BY THESE PRESENTS:

That we, the LEEDS & CATLIN COMPANY, of 53 East 11th Street, in the Borough of Manhattan, City of New York, as principal, and NATIONAL SURETY COMPANY having an office and place of business at No. 62 Liberty Street, Borough of Manhattan, City of New York, as surety are held and firmly bound unto Victor Talking Machine Company and United States Gramophone Company in the sum of Ten Thousand Dollars ($10,000.), lawful money of the United States of America to the payment of which, well and truly to be made, the said principal and the said surety bind themselves, their and each of their successors and assigns jointly and severally firmly by these presents.

SEALED WITH OUR SEALS and dated this 24th day of January, in the year one thousand nine hundred seven.

WHEREAS, on the 11th day of January, 1907, an order was made by the Honorable E. HENRY LACOMBE, one of the judges of the above named court, and filed in the United States Circuit Court for the Southern District of New York on said 11th day of January, 1907, in a proceeding entitled "Victor Talking Machine Company and United States Gramophone Company, complainants, against Leeds & Catlin Company, defendant, in equity No. 8797," partially staying the decree for preliminary injunction and preliminary injunction therefore granted and issued therein against the defendant until the hearing and determination, in due course, of an appeal taken by defendant, as in said order provided, from an order on contempt signed and entered in said cause in the office of the clerk of said court on the 11th day of January, 1907; and

WHEREAS, as a condition upon which said decree for preliminary injunction and preliminary injunction were partially stayed, as aforesaid, a bond was ordered to be filed in the sum of Ten Thousand Dollars ($10,000.),

NOW, THEREFORE, the condition of this obligation is such that if the defendant in the said action, that is, Leeds & Catlin Company, failing to make the said appeal by writ of error good, shall pay to the complainants, Victor Talking Machine Company and United States Gramophone Company, all damages and profits due to infringement of claims 5 and 35 of letters patent to Emile Berliner, No. 534,543, granted February 19, 1895, during the period of said stay, then

this obligation to be void, otherwise, to remain in full force and virtue, such damages and profits, however, not to exceed Ten Thousand Dollars, ($10,000).

Attest:
HENRY LEEDS,
Asst. Secretary.

(Seal;
Leeds & Catlin Company;
Incorporated 1899; New
York.)

LEEDS & CATLIN COMPANY,
By E. F. LEEDS, *Pres.*
NATIONAL SURETY COMPANY,
By JOEL RATHBONE,
4th Vice-President,
Attest: JOHN HOLMES,
Res. Asst. Secretary.

(Seal;
National Surety
Company; Incor-
porated 1899; New
York.)

STATE AND COUNTY OF NEW YORK, *ss.:*

On this 24th day of January, 1907, before me personally came EDWARD F. LEEDS, to me known, who being by me duly sworn, did depose and say, that he resides in the Borough of Brooklyn, County of Kings, City and State of New York; that he is the president of Leeds & Catlin Company, the corporation described in and which executed the above instrument or bond; that he knew the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors, and that he signed his name thereto by like order.

LOUIS HARTMANN,
(Notary's Seal) *Notary Public,*
Westchester Co.
Certificate filed in New York Co.

AFFIDAVIT, ACKNOWLEDGMENT AND JUSTIFICATION BY GUARANTEE OR SURETY COMPANY.

STATE OF NEW YORK,
COUNTY OF NEW YORK, } *ss.:*

On this 24th day of January, one thousand nine hundred and seven, before me personally came Joel Rathbone, known to me to be the 4th vice-president, of the NATIONAL SURETY COMPANY, the corporation described in and which executed the within and foregoing bond of Victor Talking Machine Co. and ano. vs. Leeds & Catlin Company, as a surety thereon, and who, being by me duly sworn, did depose and say that he resides in the City of New York, State of New York; that he is the 4th vice-president of said company, and knows the corporate seal thereof; that the said NATIONAL SURETY COMPANY is duly and legally incorporated under the laws of the State of New York; that said company has complied with the provisions of the Act of Congress of August 13th, 1894; that the seal affixed to the within bond of Victor Talking Machine Co. and ano. vs. Leeds & Catlin Company, is the corporate seal of said company, and was thereto affixed by order and authority of the Board of Directors of said company, and that he signed his name thereto by like order and authority as 4th vice-president of said company, and that he is acquainted with John Holmes and knows him to be the Res. Asst. Secretary, of said company; and that the signature of said John Holmes, subscribed to said bond is in the genuine handwriting of said John Holmes, and was thereto subscribed by order and authority of Directors, and in the presence of said deponent: and that the assets of said company, unencumbered and liable to execution, exceed its debts and

liabilities of every nature whatsoever, by more than the sum of ONE MILLION ($1,000,000.) dollars.

That is our agent to acknowledge service in the Judicial District wherein this bond is given.

JOEL RATHBONE,
(*Deponent's Signature*).

Sworn to, acknowledged before me, and subscribed in my presence this 24th day of January, 1907.

PHILIP B. INGRAHAM
Notary Public.
For the County of N. Y., No. 18.

IN THE SUPREME COURT OF THE UNITED STATES.

October Term, 1907. Nos. 307 and 308.

Leeds & Catlin Company,

Petitioner,

v.

Victor Talking Machine Company and United States Gramophone Company.

AFFIDAVIT OF HARRY COBB KENNEDY, *sur* PETITION OF VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY, COMPLAINANTS BELOW, HEREIN REFERRED TO AS THE RESPONDENTS, FOR ADDITIONAL SECURITY TO INDEMNIFY RESPONDENTS FOR DAMAGES AND PROFITS DUE TO INFRINGEMENT ACCRUING DURING PERIOD OF STAY OF DECREE FOR PRELIMINARY INJUNCTION AND THE PRELIMINARY INJUNCTION.

COMMONWEALTH OF PENNSYLVANIA, }
COUNTY OF PHILADELPHIA, } *ss.*:

HARRY COBB KENNEDY, of Overbrook, Pennsylvania, being duly sworn according to law, deposes and says, as follows:

I am a member of the bar and an assistant to Horace Pettit, Esquire, of Philadelphia, Pennsylvania, solicitor and of counsel for the respondents above named, and am familiar with the proceedings in this suit in the United States Circuit Court of Appeals for the Second Circuit, and the United States Circuit Court

for the Southern District of New York. I have read the foregoing petition of these respondents for additional security, in the amount of two hundred thousand dollars ($200,000.00), and corroborate the statements made in said petition as to the proceedings in this suit in the courts below, and state to the best of my knowledge and belief and understanding of the proceedings therein, that such proceedings were had, as are stated in said petition, as is shown by the transcript of the record, certified to this Court in this cause, and in the transcripts in this court.

On May 2, 1906, on motion of the complainants below, a decree for preliminary injunction against the said defendant below, Leeds & Catlin Company, was entered in the Circuit Court of the United States for the Southern District of New York (T. No. 307, p. 328), and upon the filing of a bond for $10,000 by the said Leeds & Catlin Company, which is referred to in the accompanying petition as Preliminary Injunction Bond the issuance of the said preliminary injunction was stayed pending an appeal from the said decree for preliminary injunction, as provided in an order staying said injunction (T. No. 307, p. 330). The defendant below, Leeds & Catlin Company, took an appeal to the United States Circuit Court of Appeals for the Second Circuit from the said decree of May 2, 1906, and on October 22, 1906, an order of affirmance of the said decree was entered in the said Circuit Court of Appeals, pursuant to the opinion handed down by the said Appellate Court (T. No. 307, p. 546). A mandate to the Court below, United States Circuit Court for the Southern District of New York, was duly issued and filed on the said October 22, 1906, and pursuant thereto a writ of preliminary injunction against the defendant below was ordered and served upon the said defendant below on October 29, 1906 (T. No. 308, p. 9).

On the 30th day of November, 1906, argument was heard before Judge LACOMBE of the Circuit Court of the

United States on the return of a rule to show cause (T. No. 308, p. 4) obtained by the respondents herein, why the said defendant below, Leeds & Catlin Company, should not be punished for contempt of court by reason of the disobedience of the said writ of preliminary injunction by continuing, in defiance of said preliminary injunction to manufacture and sell the disc records, one of the two elements, of the sustained claims 5 and 35, of the patent in suit; and on January 5, 1907, an opinion was handed down by Judge LACOMBE finding the said defendant below, Leeds & Catlin Company, in contempt, and imposing a fine of $1,000, collection to be suspended pending appeal (T. No. 308, p. 74).

At the settlement of the decrees and orders, on January 11, 1907, pursuant to the said opinion of Judge LACOMBE in said contempt proceedings, an order was first signed by Judge LACOMBE holding the Leeds & Catlin Company in contempt for having violated the preliminary injunction, and imposing a fine of one thousand dollars ($1,000), one-half to the United States, and one-half to the complainants below (respondents herein) (T. 308, p. 75). Upon motion of counsel for defendant below, the payment of said fine of one thousand dollars ($1,000), was stayed, pending appeal from said order on contempt, provided the Leeds & Catlin Company should, within fifteen (15) days, file, with the clerk of the court, security for the payment of said fine when due; which security, as I understand was duly filed, and the payment of said fine stayed (T. No. 308, p. 76).

At the same time, namely, on January 11, 1907, motion by counsel for defendant below was made to stay the decree for preliminary injunction, and the preliminary injunction theretofore issued, pending appeal from said order on contempt, which motion was granted by Judge LACOMBE, as follows (T. No. 308, p. 77):

"Ordered, adjudged and decreed that defendant's said motion for said above mentioned stay be, and the same hereby is, granted; provided that the appeal from said order on contempt shall be promptly taken and diligently prosecuted; and provided, also, that defendant shall, within fifteen days from the filing of this order, file with the clerk of this Court a bond in the sum of ten thousand dollars ($10,000), with sufficient surety, to be approved by the clerk of this Court, as security to indemnify complainants for damages and profits due to infringement accruing during the period of said stay; and provided also that defendant shall, on the first day of each calendar month during the period of said stay and on the last day of said stay, file with the clerk of this Court a statement sworn to by one of its officers showing the number of disc sound records sold by it during the month or part of the month preceding the day of the filing thereof."

I am informed and believe that the said bond in the sum of ten thousand dollars ($10,000), was duly filed with the clerk of the court, as provided by said order, a copy of said bond being annexed to the accompanying petition and marked "Exhibit B," and referred to in said petition as Contempt Bond and the preliminary injunction theretofore issued, was stayed.

By writ of error, the said cause was taken to the United States Circuit Court of Appeals for the Second Circuit, and argued therein on April 9, 1907, an opinion being filed on May 2, 1907 (T. No. 308, p. 90), affirming the order holding the defendant in contempt, and on May 8, 1907, an order, in conformity with said opinion, affirming the order holding said defendant in contempt, was made and entered (T. No. 308, p. 96). On the same day, namely, May 8, 1907, on motion of counsel for the defendant below, based upon the representation that petitions were to be presented to the Honorable Supreme Court of the United States on May 13, 1907,

for writs of *certiorari* to the said United States Circuit Court of Appeals, to review the said decree for a preliminary injunction of the said United States Circuit Court of Appeals, and to review the said judgment of the said United States Circuit Court of Appeals, finding the said Leeds & Catlin Company in contempt, and that it was expected that the same would be granted or denied on May 27, 1907, the said United States Circuit Court of Appeals stayed the issuance of the mandate under its said decree until May 29, 1907, a certified copy of said order staying issuance of said mandate is annexed to this affidavit, made a part hereof and marked "Order of May 8, 1907, Staying Issuance of Mandate."

The said petitions for writs of *certiorari* were granted by the Supreme Court of the United States on May 27, 1907, and on May 28, 1907, the said writs of *certiorari* were issued to the said United States Circuit Court of Appeals (T. No. 307, p. 548, and T. No. 308, p. 97), and the returns upon the said writs of *certiorari* have been made to this Honorable Supreme Court of the United States (T. No. 307, p. 549, and T. No. 308, p. 99), and the cases are on the calendar of this Honorable Court bearing numbers 307 and 308 of the October Term, 1907, the transcript of the record of No. 307, being the return upon the writ of *certiorari* to review the decree for a preliminary injunction of the said United States Circuit Court of Appeals, and the transcript of the record in case No. 308 being the return upon the writ of *certiorari* to review the judgment of the said United States Circuit Court of Appeals finding the said Leeds & Catlin Company in contempt. I am informed and believe that in the ordinary course of procedure of this Honorable Court, by reason of the position of the said cases on said calendar, although it is possible that said cases may be reached for argu-

ment near the conclusion of the present October, 1907, Term of this Honorable Court, they will probably not be called for argument before October, 1908.

The Honorable Judge LACOMBE, in the United States Circuit Court for the Southern District of New York, in granting the stay of the preliminary injunction, on January 11, 1907, pending appeal, fixed the amount of the Preliminary Injunction Bond, to be filed by the defendant below, at ten thousand dollars ($10,000), as security to indemnify the complanants for damages and profits due to infringement accruing during the period of said stay, that being one of the conditions upon which the stay was granted. Another condition was "that the appeal from said order on contempt shall be promptly taken and diligently prosecuted" (T. No. 308, p. 77). The said Preliminary Injunction Bond was duly filed, its condition being to indemnify the complainants below for "all damages and profits due to infringement of claims 5 and 35, of letters patent to Emile Berliner, No. 534,543, granted February 19, 1895, during the period of said stay" of the preliminary injunction. There is one term each year in the United States Circuit Court of Appeals for the Second Circuit, beginning in October, and usually ending in May of the following year, during which term, sessions are held at certain intervals. On January 11, 1907, there were to be held several sessions of the said United States Circuit Court of Appeals for the Second Circuit before its adjournment in May, 1907, and, under the rules of practice of said court, the said appeal could be and was brought on for argument before the end of that term. Such argument at said term was had, and, therefore, it would appear to be certain that while Judge LACOMBE intended that said Contempt Bond should be an obligation on the part of the Leeds & Catlin Company, to indemnify the complainants below for damages and profits accruing

during any period stay due to his order partially staying said preliminary injunction, yet the period of stay of said preliminary injunction contemplated by the Honorable Judge LACOMBE, pending appeal to the United States Circuit Court of Appeals for the Second Circuit, was only a stay from January 11, 1907, to such time as said cause might be argued during said October, 1906, term of said court, and decided; and in fact, said appeal from said order on contempt was taken and perfected, and argued on April 9, 1907, and an opinion filed May 2, 1907 (T. No. 308, p. 90), and the order of affirmance was dated May 8, 1907 (T. No. 308, p. 96). Thus it would appear that a period of about four months was contemplated by Judge LACOMBE in granting said stay of the preliminary injunction, and it would further appear, that the bond of ten thousand dollars ($10,000), Contempt Bond, which the Honorable Judge LACOMBE ordered filed, as a condition precedent to the stay of said injunction, was to be security to indemnify the complainants below (respondents herein), for damages and profits due to the infringement accruing during the period of said stay, that is to say, during a period of about four months, or in other words, that Judge LACOMBE considered that during a period of about four months, the damages and profits would amount to about ten thousand dollars ($10,000).

The period of stay, as appears to have been contemplated by Judge LACOMBE to be covered by said bond of ten thousand dollars ($10,000), Contempt Bond ended on May 8, 1907, and as counsel for respondents had at that time received notices of the petitions for writs of *certiorari*, an application for an increase of bond was not presented while these petitions for writs of *certiorari* were pending before this Honorable Court, and when the petitions were granted on May 27, 1907, the October Term, 1906, of this Honorable Court, terminated, so that application for this bond could not

be presented until this present term, and is now presented at the first convenient opportunity, counsel for respondents having been informed that references to the pages of the printed Transcripts in these cases Nos. 307 and 308, would be necessary in presenting this petition, and these printed Transcripts not having been received until the middle of December, 1907, and two recesses of this Honorable Court having occurred in the meantime.

Another condition upon which the said stay of preliminary injunction was so granted on January 11, 1907, by the Honorable Judge LACOMBE (T. No. 308, p. 77.), was that the defendant below should file on the first day of each month during the period of stay of said preliminary injunction, sworn statements showing the number of infringing articles sold during the preceding month, and, up to and including the first of February, 1908, the monthly statements so filed, copies of which are annexed hereto and marked "Monthly Sworn Statements of Leeds & Catlin Company," (pages 39 to 48 of this petition) and are made a part of this affidavit, show that from January 11, to February 1, 1907, the defendant below sold 31,735 infringing articles; during the month of February, 36,378; during the month of March, 33,802; during the month of April, 32,650; during the month of May, 60,827; during the month of June, 28,380; during the month of July, 39,248; during the month of August, 45,672; during the month of September, 41,520; during the month of October, 49,724; during the month of November, 64,036; during the month of December, 44,236, and during the month of January, 1908, 46,960; a total of 555,118.

These monthly statements show that the sales of the infringing articles are increasing, and that while the number of infringing articles reported to have been sold by the Leeds & Catlin Company during the period

of stay of said preliminary injunction contemplated by said Contempt Bond, for $10,000, namely, from January 11, 1907, to May 8, 1907, is about 150,000, yet the number of said infringing articles reported to have been sold by the Leeds & Catlin Company, during the period of stay of said preliminary injunction, which has already occurred, namely, from May 8, 1907, to February 1, 1908, is about 406,000, over two-and-two-thirds times the amount reported to have been sold during the first period of stay and during which first period of stay Judge LACOMBE apparently contemplated damages and profits to the extent of $10,000. If these cases are not heard by this Honorable Court until October, 1908, as I am informed is possible, a further period of about ten months will probably ensue before the mandate of this Honorable Court issues, and the injunction be restored, should the decision be in favor of these respondents. During this period of ten months from February 1, 1908, just referred to, at the average at which the Leeds & Catlin Company have been selling these infringing articles since the stay of said preliminary injunction, the said Leeds & Catlin Company will have sold, in addition to the 555,118, the still further amount of about 445,000 of said articles, whereas it is reasonably certain that the amount will be in excess of this last named figure, because the filed monthly reports show that the sales are increasing.

I further believe if the decree of the United States Circuit Court for the Second Circuit should be affirmed by this Honorable Court, that in the absence of adequate security, in the form of an obligation by the defendant, the Leeds & Catlin Company, the complainants would have no means of recovering the damages and profits due to infringement of the patent in suit, which have accrued, and will accrue between now and the issuance of the mandate of this Honorable Court, and that except for such security as may be required

by this Honorable Court of the defendant, I believe that the complainants would be unable to recover from the defendant, the latter being a corporation and thus able to distribute profits which it is now making, by reason of the sale of these infringing articles, as to leave nothing tangible to reimburse the complainants. I believe that the defendant is making large profits by the enormous sale of these infringing records, but that these profits can be so distributed as to be beyond the reach of these complainants, unless this court should require additional security, as prayed for in said petition, as the Contempt Bond of ten thousand (10,000) dollars, which was required by the defendant, when it appeared that the injunctions would only be stayed about four months, is manifestly adequate, since the period of stay has now amounted to over twelve months and may be ten months longer. The inadequacy of said Contempt Bond for $10,000, is shown by the large sales of these infringing records as reported by the Monthly Sworn Statements attached hereto, which statements have been filed by the defendant for each month of said stay of preliminary injunction in accordance with the order of Judge LACOMBE granting said stay, and requiring said Contempt Bond for $10,000, and the filing of said Monthly Statements, during the period of stay (T. No. 308, p. 77).

HARRY COBB KENNEDY.

Subscribed and sworn to before me this 8th day of February, 1908.

ALEXANDER PARK,
Notary Public,
Commission expires Feb. 6, 1909.
604 Stephen Girard Bldg.,
Philadelphia.
(SEAL)

"MONTHLY SWORN STATEMENTS OF LEEDS & CATLIN COMPANY."

For January, 1907

CIRCUIT COURT OF THE UNITED STATES,

Southern District of New York.

IN EQUITY.

ALEXANDER PARK,
Notary Public,
Commission expires Feb. 6, 1909,
604 Stephen Girard Bldg.,
Philadelphia,
(SEAL)

No. 8797.

Victor Talking Machine Company and United States Gramophone Company,

Complainants,

v.

Leeds & Catlin Company,

Defendant.

STATE AND COUNTY OF NEW YORK, *ss.*:

EDWARD F. LEEDS, being duly sworn, says that he is president of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit; that during the period of said stay in the month of January, 1907,

defendant sold for use in the United States 31,735 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

Subscribed and sworn to before me this 1st day of February, 1907. } EDWARD F. LEEDS.

JOSEPH ISAACS,
(SEAL) *Notary Public,*
New York County, No. 6.

EXHIBIT "A."

This record is sold by the manufacturer upon condition that when sold by dealers to the public it must be sold at not less than the regular list price and upon the further condition that the record shall be used only for the reproduction of sound directly from the record. This record is sold for use on all mechanical feed device machines and upon all licensed Victor, Columbia and Zonophone machines and all other machines licensed under U. S. Patent No. 534,543, in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the conditions under which it is sold and an infringement.

(Endorsed: U. S. Circuit Court, Southern District of New York. Victor Talking Machine Co., *et al.*, Complainants, against Leeds & Catlin Co., defendant. In Equity, No. 8797. AFFIDAVIT OF JANUARY, 1907 Sales. Louis Hicks, Solicitor for Defendant, 71 Nassau St., New York, N. Y. U. S. Circuit Court, Southern District New York, Filed Feb. 1, 1907, John A. Shields, Clerk.)

(Exhibit A, attached to the foregoing statement for January, 1907, is also attached to the following Monthly Statements, except those for December, 1907, and January, 1908.)

STATEMENT FOR FEBRUARY, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

HENRY LEEDS, being duly sworn, says that he is treasurer of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of February, 1907, defendant sold for use in the United States 36,378 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

HENRY LEEDS,
Treasurer.

Subscribed and sworn to
before me this 1st day
of March, 1907.

LOUIS HARTMANN,
(SEAL) *Notary Public,*
For Westchester Co.

Certificate filed in New York Co.

STATEMENT FOR MARCH, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

HENRY LEEDS, being duly sworn, says that he is treasurer of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of March, 1907,

defendant sold for use in the United States 33,802 disc sound records, subject, however to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

HENRY LEEDS,
Treasurer.

Subscribed and sworn to
before me this 1st day
of April, 1907.

JOSEPH ISAACS,
(SEAL) *Notary Public,*
New York Co. No. 6.

STATEMENT FOR APRIL, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

EDWARD F. LEEDS, being duly sworn, says that he is president of the Leeds & Catlin Company, defendants above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of April, 1907, defendants sold for use in the United States 32,650 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

EDWARD F. LEEDS.

Subscribed and sworn to
before me this 3d day of
May, 1907.

JESSIE B. KAY,
(SEAL) *Notary Public,*
New York County.

STATEMENT FOR MAY, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

F. H. RIDGWAY, being duly sworn, says that he is assistant treasurer of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of May, 1907, defendant sold for use in the United States 60,827 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

FRANCIS H. RIDGWAY,
Assistant Treasurer.

Subscribed and sworn to
before me this 1st day
of June, 1907.

LOUIS COHN,
(SEAL) *Notary Public*, No. 82,
New York Co., N. Y.

STATEMENT FOR JUNE, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

EDWARD F. LEEDS, being duly sworn, says that he is president of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of June, 1907, defendant sold for use in the United States 28,380

disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

EDWARD F. LEEDS.

Subscribed and sworn to
before me this 1st day
of July, 1907.

FRANK Z. DEMAREST,
(SEAL) *Notary Public,*
New York Co.

STATEMENT FOR JULY, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

EDWARD F. LEEDS, being duly sworn, says that he is president of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of July, 1907, defendant sold for use in the United States 39,248 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

EDWARD F. LEEDS.

Subscribed and sworn to
before me this 1st day
of August, 1907.

JOSEPH ISAACS,
(SEAL) *Notary Public,*
New York Co., 506.

STATEMENT FOR AUGUST, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

B. F. ELLSWORTH, JR., being duly sworn, says that he is general manager of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein, January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of August, 1907, defendant sold for use in the United States 45,622 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

B. F. ELLSWORTH, JR.

Subscribed and sworn to
before me this 31st day
of August, 1907.

ROBERT ROY, JR.,
(SEAL) *Notary Public*, Kings Co.
Certificate filed in New York Co.

STATEMENT FOR SEPTEMBER, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

B. F. ELLSWORTH, JR., being duly sworn, says that he is general manager of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein, January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of September, 1907, defendant sold for use in the United

States 41,520 disc sound records, subject, however, to the conditions and restriction set forth upon the annexed label marked "Exhibit A."

B. F. ELLSWORTH, JR.

Subscribed and sworn to
before me this 1st day
of October, 1907.

ROBERT ROY, JR.,
(SEAL) *Notary Public*, Kings Co.
Certificate filed in New York Co.

STATEMENT FOR OCTOBER, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

B. F. ELLSWORTH, JR., being duly sworn, says that he is general manager of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein, January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of October, 1907, defendant sold for use in the United States 49,724 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

B. F. ELLSWORTH, JR.

Subscribed and sworn to
before me this 1st day
of November, 1907.

ROBERT ROY, JR.,
(SEAL) *Notary Public*, Kings Co.
Certificate filed in New York Co.

STATEMENT FOR NOVEMBER, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

B. F. ELLSWORTH, JR., being duly sworn, says that he is general manager of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein, January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of November, 1907, defendant sold for use in the United States 64,036 disc sound records, subject, however, to the conditions and restrictions set forth upon the annexed label marked "Exhibit A."

B. F. ELLSWORTH, JR.

Subscribed and sworn to
before me this 2d day of
December, 1907.

ROBERT ROY, JR.,
(SEAL) *Notary Public*, Kings Co.
Certificate filed in New York Co.

STATEMENT FOR DECEMBER, 1907.

STATE AND COUNTY OF NEW YORK, *ss.*:

B. F. ELLSWORTH, JR., being duly sworn, says that he is general manager of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein, January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of December, 1907, defendant sold for use in the United

States 44,236 disc sound records, subject, however, to the conditions and restrictions set forth upon the label annexed to the previous affidavits of sales filed herein.

B. F. ELLSWORTH, JR.

Subscribed and sworn to
before me this 31st day
of December, 1907.

ROBERT ROY, JR.,
(SEAL) *Notary Public*, Kings Co.
Certificate filed in New York Co.

STATEMENT FOR JANUARY, 1908.

STATE AND COUNTY OF NEW YORK, *ss.*:

B. F. ELLSWORTH, JR., being duly sworn, says that he is general manager of Leeds & Catlin Company, defendant above named, and that pursuant to the order entered herein January 11, 1907, partially staying the preliminary injunction herein, he makes this affidavit: That during the period of said stay in the month of January, 1908, defendant sold for use in the United States 46,960 disc sound records, subject, however, to the conditions and restrictions set forth upon the label annexed to the previous affidavit of sales filed herein.

B. F. ELLSWORTH, JR.

Subscribed and sworn to
before me this 1st day
of February, 1908.

ROBERT ROY, JR.,
(SEAL) *Notary Public*, New York Co.
Notary Public, Kings Co.; certificate filed in New York Co.

EXHIBIT.

ALEXANDER PARK,
Notary Public,
Commission expires Feb. 6, 1909,
604 Stephen Girard Bldg.,
Philadelphia,
(SEAL)

ORDER OF MAY 8, 1907, STAYING ISSUANCE OF MANDATE.

At a stated term of the United States Circuit Court of Appeals in and for the Second Circuit, held at the Court Rooms in the Post Office Building in the City of New York, on the 8th day of May, one thousand nine hundred and seven.

Present: Hon. WILLIAM J. WALLACE,
Hon. ALFRED C. COXE,
Circuit Judges.

Hon. CHARLES M. HOUGH,
District Judge.

ORDER STAYING MANDATE.

Leeds & Catlin Company,
Plaintiff in Error,

v.

Victor Talking Machine Company and United States Gramophone Company,
Defendants in Error.

It appearing from the annexed affidavit of Louis Hicks, counsel for plaintiff in error that plaintiff in error has served notice of the presentation to the Supreme Court of the United States of a petition for writ of *certiorari* to review the judgment finding the

plaintiff in error in contempt, which judgment has been affirmed by this Court; now, on motion of Louis Hicks, counsel for plaintiff in error, it is

Ordered that the issue of the mandate under said order of affirmance be, and the same hereby is, stayed until May 29th, 1907.

A. C. C.

(Endorsed: U. S. Circuit Court of Appeals for the Second Circuit. Leeds & Catlin Company, plaintiff in error, against Victor Talking Machine Co. and United States Gramophone Co., defendants in error. (Original.) Affidavit, notice of application and order requesting staying issue of mandate. Louis Hicks, solicitor for plff. in error. 71 Nassau Street, New York, N. Y. Service of a copy of within affidavit notice and proposed order on this 6th day of May, 1907, is hereby admitted. Stimson & Williams, solicitors for defts. in error. United States Circuit Court of Appeals, Second Circuit. Filed May 8, 1907. William Parkin, clerk.)

IN THE

IN THE SUPREME COURT OF THE UNITED STATES.

October Term of 1907. Nos. 307 and 308.

Leeds & Catlin Company,

Petitioner,

v.

Victor Talking Machine Company and United States Gramophone Company.

AFFIDAVIT OF LOUIS F. GEISSLER, SUR PETITION OF VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY FOR ADDITIONAL SECURITY, ETC.

STATE OF PENNSYLVANIA,
COUNTY OF PHILADELPHIA, } *ss.*:

Louis F. Geissler, being duly sworn, deposes and says as follows:

I am a citizen of the United States, a resident of Philadelphia, and general manager of the Victor Talking Machine Company, one of the parties to the above entitled matter.

I have been general manager of the said company, or acting as such, since October 1, 1905, and am very familiar with the business of the company. I have read the petition for additional security, to which this affidavit is attached, and believe the statements therein contained are true.

A large portion of the business of the Victor Talk-

ing Machine Company consists in the manufacture and sale of disc records having the laterally undulatory groove of even depth for use in combination with the reproducing apparatus and forming the combination of the structure claimed in claim 35 for reproducing sound in accordance with claim 5 of the Berliner patent No. 534,543 in suit. For the Berliner patents, of which the Berliner patent No. 534,543, in suit is the main and important one, the said complainant has paid the sum of eight hundred thousand (800,000) dollars in cash. The Victor Company has made and sold the said reproducing apparatus, one element of the said claim for reproducing sound from the said disc records, the other element of said claims, in large quantities since the organization of the company in October, 1901, and has spent several millions of dollars in advertising the same and in perfecting the said reproducing apparatus and records, and there are to-day in use in the United States, hundreds of thousands of our said reproducing apparatus for reproducing sound from the complainants' said records, made in accordance with claims 5 and 35 of the patent in suit, and since the organization of the said Victor Talking Talking Machine Company, it has made and sold several millions of the said records for use in the said combination for reproducing sound recorded thereon through the medium of its sound reproducing apparatus, for which there is a large and increasing demand. The Victor Talking Machine Company has established an enormous plant in the city of Camden, New Jersey, exclusively for the manufacture and sale of the said records and reproducing apparatus, a large portion of which is devoted to the manufacture manufacture of the said records. A purchaser of the of the said records. A purchaser of the said reproducing apparatus invariably purchases from the said Victor Talking Machine Company, or its dealers, a number of the said disc records, containing various selections

of recorded sound, vocal, instrumental, recitations, etc., in order to have a repertoire of records. A purchaser and user of said complainant's reproducing apparatus also almost invariably after buying the first installment of records from the complainant, or its dealers, in conjunction with a number of records, orders additional records of various selections for his repertoire of records, not because the records purchased are worn out—as the same are most durable—but because he desires additional selections. The Victor Talking Machine Company each month publishes a new catalogue of new records, containing popular and desirable selections, and spends large sums of money in advertising the same, and has created a large and enviable reputation for its records for use in said combination with the reproducing apparatus. The Victor Talking Machine Company has spared no effort or expense to bring its records to the highest point of perfection, and to present to the public the most attractive and pleasing selections. For instance the Victor Company engages among others, the most expensive operatic talent for making records, such as Caruso, Melba, Scotti, and other noted operatic singers, and pays large prices to the said singers for each selection. By its efforts Victor Company has established for the said records and reproducing apparatus a wide and enviable reputation, which the Leeds & Catlin Company, by the sale of its records to owners and users of the Victor Company's reproducing apparatus, has attempted to divert, and has diverted, to a very large extent to the great damage and injury of the Victor Talking Machine Company. The records which it is now selling, and has been selling since the order of Judge LACOMBE in the United States Circuit Court staying the injunction pending appeal, have been misrepresented to the public as records for use in connection with reproducing appara-

tus, licensed under the said Berliner patent No. 534,543 in suit, through advertisements and otherwise of the said Leeds & Catlin Company and its dealers.

The defendant company has sold and is continuing to sell large quantities of the said disc records for use in connection with complainant's reproducing apparatus which have greatly injured the sale of the Victor Talking Machine Company's records, as the said purchasers of the complainant's reproducing apparatus, by reason of the said sales and representations of the defendant, have purchased and are continuing to purchase in large quantities, the Leeds & Catlin Company's records, where otherwise they would have purchased the Victor Talking Machine Company's records. The said Leeds & Catlin records can only be used for reproducing sound in combination with the reproducing apparatus, forming the combination of claim 35, by the method of claim 5, as there is no other reproducing apparatus upon the market in connection with which the said records could be used for reproducing sound.

I have made a careful examination of the sales of the disc sound records, manufactured by the Victor Talking Machine Company, and would say that during the last six months, since the sales of the Leeds & Catlin Company's records have increased to such a large extent, that the sales of records by the Victor Talking Machine Company, through its dealers and jobbers has very appreciably fallen off, in fact the sales of these records by the Victor Talking Machine Company during the period mentioned above have been diminished to the extent of the sales of the Leeds & Catlin Company during that period of time. The sales reported by Leeds & Catlin Company of the records sold since January, 1907, are 555,118 records, the average sales of records by the defendant per month, say since July 1, 1907, are 47,335 records per month. The Victor Talk-

ing Machine Company's sales of its said records, during the past six months (which is the period during which the defendant's sales of records have considerably increased) have fallen off very materially, in fact its sales of records during the past six months have been diminished to the extent of defendants's output during that period. The Victor Talking Machine Company's *damage* by reason of said loss of sales, attributed to the said infringement, since January, 1907, I would estimate to be at least $80,000.00. This, however, would not represent the total damage suffered by the Victor Talking Machine Company, by reason of this infringement upon the business, of the Victor Talking Machine Company would be almost irreparable. The Victor Company spends many hundreds of thousands of dollars a year in advertising the goods, a considerable portion of which advertisements becomes a loss to the Victor Company by reason of this infringement, as the defendant's said infringing records, which are sold mainly for use in connection with the Victor Company's reproducting apparatus or talking machines, tend to supplant or take the place of the Victor Company's goods, as stated, to a very appreciable extent.

The defendant's infringing records further materially damage and injure the complainant, the Victor Talking Machine Company, to an almost irreparable extent; among other things, for the reason that the defendant's records are made of inferior material and produce inferior results, and do not last as long as the Victor Company's records, which are made of a superior quality. Further, the defendant, the Leeds & Catlin Company, through their distributors, or parties who sell at retail their records, as Macy & Company, of 34th and Broadway, New York City, advertise the said records *for use on licensed* reproducing apparatus made under the Berliner patent No. 534,543, in suit.

and purchasers and the public generally, are led to believe that the said defendant's infringing records are legitimate records licensed by the complainants under the said Berliner patent; therefore, the said records are not only sold, where genuine Victor records would otherwise be purchased, but as they are so misrepresented, in many instances, that they are believed by the public to be the legitimate goods of the complainant. The damage to the complainant's business by reason, among other things, of the said records being of the inferior quality is very large.

The Victor Talking Machine Company have had many complaints from their jobbers and dealers, by reason the sales of these infringing records by the Leeds & Catlin Company, notably within the last eighteen months, and especially in view of the fact that the Leeds & Catlin Company sell the said records at a very much less price than the Victor Talking Machine Company can afford to sell the same. Leeds & Catlin Company sell the said records to the jobbers or dealers at about 20 to 30 cents a record, and the same are sold by the defendant's dealers to the public at prices varying from 39 cents to one dollar and a half per record, such for instance as advertised by Macy & Company, of New York, at its department store, and advertised widely in the recent issues of the *New York Herald*, a copy of which advertisement is attached to these papers, a copy of which advertisement is attached and marked "Advertisement of January 24, 1908, of Deft's records."

The bond, therefore, heretofore entered in this proceeding by order of the Circuit Court is manifestly inadequate, and would only secure the complainants against a very small fraction of the amount which they would be entitled to recover in damages, or profits, or both, should this Court affirm the decisions of the United States Circuit Court of Appeals. These com-

plainants would be without remedy, as this deponent avers and believes that the said Leeds & Catlin Company is not financially responsible to anything like the extent of the amount to which these complainants would be entitled to recover in the accounting proceedings. The said Leeds & Catlin Company is a comparatively small concern, having a comparatively inexpensive plant, and this deponent believes that the defendant makes its records of inferior material and in a comparatively inexpensive manner, not employing or having to pay for the skilled labor which the Victor Talking Machine Company employs in order to maintain the superiority of its records, and it has not the additional burden of a large amount of capital invested in patents, as this complainant has invested in the patent in suit, as the defendant is making and selling the records in defiance of complainant's patent for which the complainant was obliged to pay, as heretofore stated, the approximate sum of eight hundred thousand (800,000) dollars. The defendant has comparatively little or no advertising expenses, as it, as this deponent believes, sells its goods on the strength of the Victor Talking Machine Company's advertisements and reputation; which company expends, as heretofore stated, many thousands of dollars a year in such advertisements.

In fact, the defendant's expenses of marketing its records is reduced to a minimum, as the said records are an infringement of the complainant's patent in suit, and relies for its sales upon the reputation made by the complainants and maintained by the complainants.

This deponent believes that should this Honorable Court sustain the decision of the United States Circuit Court of Appeals, the defendant company would practically go out of business "over night," and these complainants would have no means of recovery except such

security as the Court may require the said defendant to provide for the purpose. The said defendant has, in the judgment of this deponent, nothing to lose by continuing this infringement, and the enormous sale of the said records which it is continuing to make and sell, but has everything to gain, making large sums of money by said infringing sales, but distributing it among those interested, or placing it where these complainants could not reach the same, unless this Honorable Court requires the adequate security prayed for to be entered.

That the damage to the complainant company by reason of the continued sales by the defendant company will continue to the same extent, if not to a greater extent, until the decision of this Honorable Court, and until the time that the defendant shall discontinue the infringement under a favorable decision of this Court.

In the foregoing, I have considered only the damage suffered by the complainants, and have not taken into consideration the profits to which the complainants would be entitled to recover from the defendant, should this Honorable Court affirm the decision of the Honorable United States Circuit Court of Appeals.

As to the profits made by the Leeds & Catlin Company by the sale of said infringing disc records, I would note that while the said defendant, Leeds & Catlin Company, sells its said disc records to its dealers, and through them to the public at low prices, for instance, as shown by the Macy & Company advertisement in the *New York Herald* of recent date, hereto attached, which sells the said Leeds & Catlin records, and styles the same as the "Nassau." These ten-inch records are sold to the public at 39 cents each. While this retail price of the defendant's records is considerably less than the retail price of complainant's ten-inch record, yet the material which the defendant puts in the said

records is very much cheaper than the superior material employed in the complainant's records, and as hereinbefore stated in this affidavit, the defendant's expenses, relative to the manufacture and marketing of said records, is very much less than the complainant's; among other things, it has not the large advertising expenses of the Victor Talking Machine Company, amounting to hundreds of thousands of dollars a year, as the defendant relies on the complainant's reputation for the sale of records, in selling defendant's records to the public; the defendant has not the large expenses incurred by the Victor Talking Machine Company for talent, vocal or instrumental, in the making of its records, as the selections upon the defendant's records are not of the high grade order of the Victor Talking Machine Company's records; the Victor Company pays as much as $1,000 for one selection to some of its talent; the defendant has no expenses chargeable to patents, such as the Victor Talking Machine Company, as hereinbefore pointed out, as the defendant is using and infringing complainant's patents, and is therefore relieved of this expense, the interest on the capital invested by the Victor Company in said patents being equal to about $48,000 a year. As hereinbefore stated, the defendant's plant, as compared with the Victor Company's plant is comparatively inexpensive; and further, among other things, the labor which the defendant company employs is not the high priced skilled labor employed by the Victor Talking Machine Company in making its records. I would further point out that it was shown in the suit of the American Graphophone Company against the said Leeds & Catlin Company, decided June 11, 1907 (155 Fed. Rep., 427), in a motion for preliminary injunction to restrain the Leeds & Catlin Company from infringing the Jones patent No. 688,739, of December 10, 1901, for Process of Making Sound Rec-

ords, Judge LACOMBE refused the injunction mainly on the ground that there was proof that the Leeds & Catlin Company made its records by "making duplicate copies of fully finished commercial foreign-made records." It therefore appears that at least some of the defendant's infringing records are made by merely copying finished commercial records by any well known copying process, such as copper-plating or electro-plating, etc., which means that they would have no vocal or instrumental talent to pay for, but would merely copy a commercial record made by some other concern who had paid for the talent. This is what is known to the trade at "dubbing," and is a copy, or counterfeit, of the commercial records of other concerns. This "dubbing," or copying would, of course, reduce defendant's expenses in the production of the infringing records very materially.

It is also shown in the Transcript of Record in the present case, that some of the infringing records sold at retail by the defendant company, are sold at a very much higher price than 39 cents. The affidavit of Charles K. Bennett (T. R. No. 308, p. 16, etc.) shows that the infringing records he bought he paid 60 cents apiece for four of them and for two others he paid $1.00 apiece, and for another of said records purchased by Bennett from defendant, he paid $1.50 (T. R. No. 308, p. 19). The affidavit of George M. Thompson (T. R. No. 308, p. 18) shows that for the six infringing records he bought from the defendant company he paid one dollar each for five records and thirty-five cents for one. The fact is that the defendant has sold its records at various prices, both to the dealers and to the public, and while it frequently sells some of its records at a low price to the public, its expenses incident to the manufacture and marketing of the same are, as hereinbefore pointed out, comparatively small, and its profit large. From the foregoing, and from my knowl-

edge of such matters, the cost to the defendant in manufacturing said inferior records, under the circumstances does not exceed ten cents each on an average.

For the foregoing reasons I am of the opinion and aver that the defendant's profits per record, taking the 60-cents record as a basis, as a fair average, were not less than 20 cents per record, which allows for the jobbers' discount of 50 per cent upon the list price of 60 cents per record. In other words, considering that the defendant only received 30 cents for each 60-cent record, the profit of the defendant would be not less than 20 cents per record. The defendant would, therefore, receive an average profit upon the 555,118 records accounted for by it to the complainant to February 1, 1908, under the order of Judge LACOMBE, $111,023.60, which amount would be correspondingly increased during the coming months, before a decision by this Honorable Court shall be had upon these cases, as the probabilities are that the number of records to be manufactured and sold by the defendant will be as great, if not greater per month, as during the past year and a half.

I would state in conclusion, that while the name of the Leeds & Catlin Company does not appear upon the "Nassau" records, they are manufactured and sold by the Leeds & Catlin Company, as shown by correspondence between R. H. Macy & Company and Horace Pettit, counsel for the Victor Company, which fact will not be disputed. A letter of Macey & Company, of 34th and Broadway, New York City, of December 6, 1907, to Mr. Pettit, referring to Mr. Pettit's letter to it of December 3, 1907, complaining of the said sales of records and misleading character of their advertisements, states: "We beg to acknowledge receipt of your favor of the 3d inst. It has been referred to the Leeds & Catlin Company, the manufacturers of the records to which you object."

The character of the notices of the Leeds & Catlin Company placed upon said infringing records in misleading and intending to mislead the public into the belief that the defendant's records are *licensed* records under the patent in suit. The attention of the Court is called to the following notice which the defendants place conspicuously upon the back of the infringing records:

> "This record is sold by the manufacturer upon condition that when sold by dealers to the public it must be sold at not less than the regular list price, and upon the further condition that the record shall be used only for the reproduction of sound directly from the record. This record is sold for use on all mechanical feed-device machines and upon all licensed Victor, Columbia and Zonophone machines, and all other machines licensed under U. S. Patent No. 534,543, in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the conditions under which it is sold and an infringement."

I am informed and believe that the defendant is making every effort to flood the market pending the decision of this Honorable Court in this case with the said infringing records, taking advantage of the said stay of injunction pending the decision of this Honorable Court, believing and knowing that at the day of reckoning, should this Honorable Court affirm the decisions of the court below, that the complainants will find little or nothing from which to recover the damages and profits to which they are and shall be entitled.

LOUIS F. GEISSLER.

Sworn and subscribed to
before me this eighth
day of February, 1908.

ALEXANDER PARK,
604 Stephen Girard Bldg., Phila.
(SEAL) *Notary Public.*
Commission expires Feb. 6, 1909.

"ADVERTISEMENT OF JANUARY 24, 1908, OF DEFENDANT'S RECORDS."

"NASSAU"

Fifth fl.

10-inch Talking
Machine Records,
Instead of 60c., 39c.

hese are the Records that have recently revolutionized the sale of Talking Machine Records. Until we introduced them you could not procure a 10-inch Disc Record for less than 60c. There is no better Record than the "Nassau", no matter what price you pay. It may be used on the Victor, Columbia, Zonophone and all other disc machines licensed under United States Patent No. 534,543.

ALEXANDER PARK,
(SEAL) *Notary Public,*
604 Stephen Girard Bldg.,
Philadelphia.
Commission expires February 6, 1909.

IN THE SUPREME COURT OF THE UNITED STATES.

October Term, 1907. Nos. 307 and 308.

Leeds & Catlin Company

v.

Victor Talking Machine Company and United States Gramophone Company.

AFFIDAVIT OF BELFORD G. ROYAL, SUR PETITION OF VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY, COMPLAINANTS BELOW, HEREIN REFERRED TO AS THE RESPONDENTS, FOR ADDITIONAL SECURITY TO INDEMNIFY RESPONDENTS FOR DAMAGES AND PROFITS DUE TO INFRINGEMENT ACCRUING DURING PERIOD OF STAY OF DECREE FOR PRELIMINARY INJUNCTION AND THE PRELIMINARY INJUNCTION.

STATE OF PENNSYLVANIA,
COUNTY OF PHILADELPHIA, } *ss.*:

BELFORD G. ROYAL, being duly sworn according to law, deposes and says as follows:

I am a citizen of the United States, a resident of Camden, New Jersey, and am president of the Universal Talking Machine Manufacturing Company, having its principal office in Newark, New Jersey.

The said company, of which I am president, is and has been for a number of years past engaged in the manufacture and sale of disc talking machines and records for reproducing sound therefrom. I have been

in the talking machine business for the past ten years or more, and spent the greater portion of that period of time in the making of sound records and record material, and am very familiar with the grades and qualities of material, the cost of manufacture, etc. I am especially familiar with the disc sound records manufactured for use in connection with reproducing apparatus constructed in accordance with claims 5 and 35 of the Berliner patent No. 534,543, in suit.

I am very familiar, not only with the material used by different concerns in manufacturing the said records, but with the plant, character of labor, etc., necessary in the manufacture of such records. I have carefully examined the material used by the defendant, the Leeds & Catlin Company, in its disc sound records on the market, particularly the sound records of the defendant, styled the "Nassau," sold by Macy & Company, Thirty-fourth and Broadway, New York City, and which are sold and advertised for sale by Macy & Company to the public at the retail price of 39 cents each. The said "Nassau" records, sold by Macy & Company, which are made by the Leeds & Catlin Company, I state positively from my knowledge of record material, is of a very inferior quality, being a very inferior composition, having a very small percentage of shellac, and the bulk of the binders being of very cheap and common earthy material, and that by reason of the inferior qualities of the said record, its lasting capacity for reproducing purposes would be very short-lived compared with the disc records of the Victor Talking Machine Company, all of which are made of very superior material.

The cost to manufacture one of these Nassau records by the Leeds & Catlin Company would be not more, at the most, than 10 cents. The cost of said record would be made up essentially as follows:

Cost of material about	.07
Cost of labor about	.01½
Cost of label	.00⅛
Cost of edging and inspecting	.00⅛
Allowing manufacturers' profit	.01¼
Total	.10

There are no advertising expenses, as far as the defendant company is concerned, in connection with the sale of these "Nassau" records, or of other records sold by its distributors.

This cost per record is essentially the total cost to the defendant, in my judgment, when using this inferior material. This estimate does not represent by any means the cost of a disc record of superior material, such as manufactured by the Victor Talking Machine Company, or by the Universal Talking Machine Manufacturing Company, which is a licensee under the patent in suit. I would also say that the disc records of the American Graphophone Company are of a high superior grade to the Leeds & Catlin Company records, which American Graphophone Company is also a licensee under the patent in suit.

These ten-inch records of the defendant company, known as the "Nassau" records, such as sold by Macy & Company, are sold to the public at 39 cents each. The Leeds & Catlin Company have also sold other of their infringing records at the retail price of 60 cents each, some at $1.00, and some as high as $1.50 each, all of which, that I have examined, being of substantially the same material as the "Nassau" record.

The Leeds & Catlin Company, in selling these records to jobbers, would sell at the maximum jobbers' discount of 50 per cent. off the retail price, on records retailing for not less than 60 cents, and the said "Nassau" records could not have been sold by the

defendant to the jobber at a greater discount than 50 per cent. off the retail price, which would make the price of the said "Nassau" records to the defendant of approximately 20 cents each. The 60-cent records would be sold by the defendant to the jobber at 30 cents, and the $1.00 records at 50 cents, and the $1.50 records at 75 cents. As before stated, the total cost of each of these records to the Leeds & Catlin Company would not be greater than 10 cents per record.

For the foregoing reasons, I am of the opinion and aver that the defendant's profits per record, taking the 60-cent record as a basis, as a fair average, were not less than 20 cents per record, which allows for the jobbers' discount of 50 per cent. upon the list price of 60 cents per record. In other words, considering that the defendant only received 30 cents for each 60-cent record, the profit to the defendant would be not less than 20 cents per record. The defendant would, therefore, receive an average profit upon the 555,118 records, accounted for by it to the complainant to February 1, 1908, under the order of Judge LACOMBE, $111,023.60, which amount would be correspondingly increased during the coming months, before the decision by this Honorable Court shall be had upon these cases, as the probabilities are that the number of records to be manufactured and sold by the defendant will be as great, if not greater, per month as during the past year and a half.

As hereinbefore stated, the Universal Talking Machine Manufacturing Company, of which I am president, has for a number of years past done a large business in the manufacture and sale of disc talking machine records, operating under the license under the patent in suit, for the reproduction of sound upon sound reproducing apparatus made under the said patent, which my said company also manufactures and sells. The large sales by the Leeds & Catlin Company of the said

infringing records, which have been constantly increasing, has very materially damaged and affected this licensee's business in the sale of records, and has detracted considerably from the profits. The inferior quality of the defendant's records also damage and injures the legitimate business, as the defendant records are in appearance so like the legitimate records that they are mistaken by purchasers for the legitimate records, and further the defendant and its distributors advertise the said records in a misleading manner, so as to lead the public to believe that the said infringing records are legitimate licensed records. Among other things, the Leeds & Catlin Company places a label upon the back of its records, such as the "Nassau" record hereinbefore referred to, which reads as follows:

> "This record is sold by the manufacturer upon condition that when sold by dealers to the public it must be sold at not less than the regular list price, and upon the further condition that the record shall be used only for the reproduction of sound directly from the record. This record is sold for use on all mechanical feed-device machines and upon all licensed Victor, Columbia and Zonophone machines and all other machines licensed under U. S. patent No. 534,543 in replacement of any worn out or broken record thereof. Any other use of this record will be a violation of the conditions under which it is sold and an infringement."

One of the above named records is ready in court to be produced.

The defendant's distributors, such for instance as Macy & Company, of New York, in advertising the said infringing records, advertise it in such a manner as to mislead the public into believing that they are producing legitimate records, wherein the advertisement states:

"NASSAU"

Fifth Fl.

10-INCH TALKING
MACHINE RECORDS,
INSTEAD OF 60c, 39c.

T
Macys

These are the records that have recently revolutionized the sale of Talking Machine Records. Until we introduced them you could not procure a 10-inch Disc Record for less than 60c.

There is no better Record than the 'Nassau,' no matter what price you pay. It may be used on the Victor, Columbia, Zonophone and all other disc machines licensed under United States patent No. 534,543."

The Zonophone referred to in the above advertisement is the talking machine, and the talking machine record manufactured by the Universal Talking Machine Manufacturing Company, of which this deponent is the president. The said advertisement misleads the public into the belief that the said defendant's records are licensed legitimate records, which, of course, is not the fact.

It has been the aim of the Universal Talking Machine Manufacturing Company in making its Zonophone records, under the license of the patent, to maintain a high reputation for quality and durability, and the said Zonophone records are made, as hereinbefore stated, of superior material, costing very much more to make than the defendant's records. Consequently the inferior records put out by the defendant company, especially when the public is led to believe that they are the licensed records, greatly damages and injures, not only the complainant company, but its licensees as well.

The Leeds & Catlin Company, the defendant, while it has capacity for manufacturing a large number of infringing records, is not a large concern, and has a comparatively inexpensive plant, using inexpensive presses, etc.; the defendant company has an office in the City of New York, and has its factory for pressing records located elsewhere. I understand from general reputation in the trade, that the defendant concern is slow in paying its bills, and generally hard up financially is the rumor which I hear from talent employed by the defendant company in making its records. In the event of the decision of the Court of Appeals in this case being sustained by this court, the Leeds & Catlin Company would not be financially able to pay anything like the large amount of profits, or damages, or both, which the complainants would be entitled to recover against it. Further, I believe the condition of the firm is such that should a judgment be obtained against it to anything like the amount which I believe the complainants would be entitled to recover, it would be utterly unable to pay the same, and I further believe that in the event of such judgment, there would be little or no assets in the concern from which the complainants could satisfy such judgment.

And further this deponent saith not.

B. G. ROYAL.

Sworn to and subscribed before me this 8th day of February, 1908.

ALEXANDER PARK,
(SEAL) *Notary Public,*
604 Stephen Girard Bldg.,
Philadelphia.

Commission expires February 6, 1909.

IN THE SUPREME COURT OF THE UNITED STATES.

October Term of 1907. Nos. 307 and 308.

Leeds & Catlin Company
Petitioner,

v.

Victor Talking Machine Company and United States Gramophone Company.

AFFIDAVIT OF ALBERT C. MIDDLETON, SUR PETITION OF VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY FOR ADDITIONAL SECURITY, ETC.

STATE OF PENNSYLVANIA,
COUNTY OF PHILADELPHIA, } *ss.*:

ALBERT C. MIDDLETON, being duly affirmed according to law, deposes and says as follows:

I am secretary of the Victor Talking Machine Company, one of the parties in this suit, and have been since its organization in October, 1901.

I am quite familiar with the talking machine business and have devoted considerable time during my connection with the Victor Talking Machine Company, to the subject of the manufacture of the disc sound records. I am also familiar generally with the talking machine trade and the business done by other manufacturers, and am familiar with the disc sound records manufactured by the Leeds & Catlin Company, the defendant herein.

I also have some familiarity with the business done by the said Leeds & Catlin Company and have had occasion to give affidavits in these suits, relative to the subject-matter of this patent in suit, heretofore. I have read the affidavits of Louis F. Geissler and Belford G. Royal, verified February 8, 1908, attached to the petition in this matter, and depose that the facts therein stated are true, and desire to add my testimony in support of the facts therein averred.

I would add that the Victor Talking Machine Company is the largest reproducer of talking machines and records in the world and employs over 2000 hands; and that its exclusive business is in the manufacture and sale of reproducing apparatus and records, in accordance with the claims of the Berliner patent in suit.

ALBERT C. MIDDLETON.

Affirmed and subscribed to
before me this eighth day
February, 1908.

ALEXANDER PARK,
(SEAL.) *Notary Public.*
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Commission expires February 6, 1909.

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SUPREME COURT OF THE UNITED STATES

October Term, 1907. Nos. [redacted] 807-8

LEEDS & CATLIN COMPANY

v.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY.

Re Petition of the Victor Talking Machine Company and United States Gramophone Company, Complainants Below, Herein Referred to as the Respondents, for Additional Security to Indemnify Respondents for Damages and Profits Due to the Infringements Accruing During Period of Stay of Decree for Preliminary Injunction.

Brief on Behalf of Respondents in Support of the Petition.

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The stay or supersedas granted in the said order of January 11, 1907, was not granted as a matter of right and should, therefore, be construed, in view of the circumstances attending its granting, and as it was intended to operate by the Court below. The stay, or supersedeas in the contempt proceedings herein, by the order of January 11, 1907, was granted in the exercise of the discretion of the Court below 24

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IN THE

Supreme Court of the United States.

October Term, 1907. Nos. 307 and 308.

LEEDS & CATLIN COMPANY,

v.

VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY.

RE PETITION OF THE VICTOR TALKING MACHINE COMPANY AND UNITED STATES GRAMOPHONE COMPANY, COMPLAINANTS BELOW, HEREIN REFERRED TO AS THE RESPONDENTS, FOR ADDITIONAL SECURITY TO INDEMNIFY RESPONDENTS FOR DAMAGES AND PROFITS DUE TO INFRINGEMENT ACCRUING DURING PERIOD OF STAY OF DECREE FOR PRELIMINARY INJUNCTION AND THE PRELIMINARY INJUNCTION.

BRIEF ON BEHALF OF RESPONDENTS IN SUPPORT OF THE PETITION.

STATEMENT.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

The Victor Talking Machine Company and United States Gramophone Company, complainants below, on February 11, 1908, filed a petition in the Clerk's Office of this Honorable Court, for additional security to in-

demnify them for damages and profits due to infringement accruing during period of stay of decree for preliminary injunction and the preliminary injunction, which stay was obtained from the Court below on motion of the Leeds & Catlin Company, defendant below, pending an appeal from an order made and entered in the Circuit Court of the United States for the Southern District of New York, finding the said defendant below in contempt for violating and disobeying the preliminary injunction granted in the said suit.

A bond for $10,000 (Petition, p. 10), was required by the Court below on the granting of the said stay, the stay granted being pending an appeal from the said order finding the said defendant below in contempt. These respondents claim that the said bond is insufficient to indemnify them for the profits and damages due to infringement accruing during the period of stay now continuing, and, therefore, pray this Honorable Court for an order directing that additional security to that end be required from the said defendant below. (See detailed statement herein p. 10.)

The facts showing the necessity for the additional security prayed for are set forth and considered in detail herein under Point V (p. 30) and Point VI (p. 33).

These cases are before this Honorable Court on two writs of *certiorari* to the United States Circuit Court of Appeals for the Second Circuit (first), to review the decree for preliminary injunction heretofore granted herein, and (second), to review the decree finding the said defendant below, the Leeds & Catlin Company, in contempt for violation of the writ of preliminary injunction issued pursuant to the said decree for preliminary injunction. The said writs of *certiorari* were granted by this Honorable Court May 27, 1907, upon the petitions therefor of the said defendant below, the Leeds & Catlin Company.

This suit was begun on July 12, 1904, by the filing of the bill of complaint of Victor Talking Machine

Company and United States Gramophone Company against Leeds & Catlin Company, for infringement of Letters Patent No. 534,543, for Gramophones, granted February 19, 1895, to Emile Berliner, of which only claims 5 and 35 are involved in this suit (T. No. 307, pp. 1-11). As stated in the specification of said patent (T. No. 307, p. 456), the invention therein patented "has reference to improvements in the method of and apparatus for recording and reproducing sounds," and the reproducing apparatus therein shown, described and claimed, is adapted to reproduce sounds from a record thereof formed in a flat disc of hard material in which the stylus or needle, connected with a suitable diaphragm, is free to be vibrated and propelled by and in accordance with the sound record. The particular sound record, or traveling tablet, described in said letters patent, is a flat disc of hard material on which the sounds are recorded by means of lateral undulations in a spiral groove of substantially even depth, the sounds being reproduced in a sound box by the vibrations of the stylus or needle of the reproducing apparatus traveling in the groove. When it is desired to reproduce the sounds recorded on such a record or traveling tablet, the reproducing stylus is placed in engagement with the outer end of the spiral groove, and the tablet or record disc is rotated by suitable means. As the traveling tablet or disc sound record rotates, the reproducing stylus is vibrated laterally by the undulations in the sides of the record groove, thereby reproducing the sounds in the reproducing apparatus, and at the same time, the reproducing stylus is propelled by the said groove, and is carried across the face of the sound record; claim 35 of said patent is for apparatus, and reads as follows:

> "35. In a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped

for engagement with said record and free to be vibrated and propelled by the same, substantially as described."

Claim 5 is for the method and reads as follows:

"5. The method of reproducing sounds from a record of the same which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described." (Pet., pp. 5-6.)

The answer of the said defendant, Leeds & Catlin Company, to the said bill of complaint was filed on December 21, 1905 (T. No. 307, pp. 12-43), and the replication on February 7, 1906 (T. No. 307, p. 44). Thereafter an order was made and entered therein on March 24, 1906, requiring the said defendant to show cause why a preliminary injunction should not be issued against it (T. No. 307, p. 45). Argument on the return of the said order to show cause was had on April 6 and 13, 1906, before Judge TOWNSEND, of said United States Circuit Court, and on April 26, 1906, the Honorable Judge handed down his opinion granting the said preliminary injunction, with leave to defendant to move for a stay pending appeal (T. No. 307, p. 327). The decree for said preliminary injunction was made and entered in the said United States Circuit Court on May 2, 1906 (T. No. 307, p. 328), and on the same date, an order staying the writ of preliminary injunction granted in said decree was entered in the court below, pending the decision of the Circuit Court of Appeals, provided an appeal from the said decree be promptly perfected, said stay being granted, however, on condition that the said defendant below enter security in the sum of ten thousand dollars ($10,000), to indemnify these respondents for profits and damages due to infringement accruing during the period of said stay (T. No. 307, p. 330). The said defendant below

filed bond in the required sum of ten thousand dollars ($10,000), said bond being referred to in the petition herein as "Preliminary Injunction Bond," a copy of which is annexed to the petition, and marked Exhibit A; (Petition, p. 20), and perfected its appeal to the United States Circuit Court of Appeals for the Second Circuit. The said appeal was duly argued by Louis Hicks, Esq., of New York City, for the appellant, and Horace Pettit, Esq., for the appellees, very elaborate briefs being filed on both sides, occupying portions of two days, and on October 12, 1906, the appeal was decided, the said Circuit Court of Appeals affirming, in open court, the decree of the Court below (T. No. 307, p. 545), the order of affirmance pursuant to said decision being made and entered on October 22, 1906 (T. No. 307, p. 546).

The mandate of the said Circuit Court of Appeals was duly issued as directed in the said order of affirmance to the said Circuit Court of the United States, and the writ of preliminary injunction was entered on October 27, 1906, and served upon the said defendant below on October 29, 1906 (T. 308, pp. 9 and 10).

The foregoing statement is of the proceedings certified to this Honorable Court in Case No. 307, and will be found in the transcript in the said case which is the return of the said Circuit Court of Appeals to the writ of *certiorari* granted in that case by this Honorable Court to review the decree for preliminary injunction.

Re Contempt Proceedings.

On November 19, 1906, upon the petition of the Victor Talking Machine Company, and United States Gramophone Company, complainants below (T. No. 308, pp. 5-27), an order was issued out of the said Circuit Court of the United States requiring the said Leeds & Catlin Company, defendant below, to show

cause why an attachment should not issue against it by reason of violating and disobeying the said writ of preliminary injunction, theretofore issued in the suit (T. 308, p. 4).

The contempt proceedings, just referred to, and which are now before this Honorable Court (Case No. 308), were founded on the claim of these respondents, complainants below, that the said defendant below, Leeds & Catlin Company, had violated said writ of preliminary injunction by making, using and selling the traveling tablet having a sound record thereon, the first element of said claim 35, for use in connection with the reproducing stylus, the other element of the said combination of said claim 35, and to reproduce sound in accordance with the method of claim 5. There was no dispute in the court below, in said contempt proceedings that the said defendant below, Leeds & Catlin Company, had, after the service upon it of said writ of preliminary injunction, the same as it had done before suit brought, made and sold flat disc sound records which were made and sold to be used in connection with the reproducer of the patent in the combination specified in claim 35, and intended to be operated in accordance with the method of claim 5. It was not disputed on the part of the defendant that the said disc records or traveling tablets sold by them, after the injunction, were made and sold with the intention that they should be used in connection with the reproducing stylus or reproducing machine of the complainants, by owners of the same. Judge LACOMBE, in the Circuit Court, in holding the defendant in contempt, said:

> "Indeed, it is difficult to escape the conviction that the larger part of defendant's sales were contrived by them to enable the owners of reproducers purchased from complainant or its licensees to produce such musical pieces as such owners might desire to hear, through the co-operation in combina-

tion with such reproducers of records made by defendant instead of records made by complainant, * * * This seems to be a case of contributory infringement—an entirely voluntary and intentional one, not in any wise excused by the circumstance that complainant—had theretofore sold reproducers combined with other records to such owners (Am. Graph. Co. *v.* Leeds, 87 F. R., 873). Nor is the substitution of these new records, bought more frequently in order to increase the repertory of tunes than as substitutes for worn out discs * * * in any legitimate sense 'repairs' " (T. No. 308, p. 74).

Claims 5 and 35 in suit had been previously sustained in a similar infringement and the defendant enjoined in the case of the Victor Talking Machine Company and United States Gramophone Company against the American Graphophone Company, 145 Fed. Rep., p. 350.

The Circuit Court in an opinion by Judge LACOMBE, a portion of which is above quoted (T. No. 308, p. 74), on January 5, 1907, found the defendant in contempt and imposed a fine of $1000, one-half to the United States and one-half to the complainant, collection to be suspended, pending appeal. (See decision of Judge LACOMBE in Circuit Court [T. No. 308, p. 74], and decision of United States Circuit Court of Appeals, Second Circuit [T. No. 308, p. 90]). Under an order granted in the court below, the decree for preliminary injunction and the preliminary injunction were stayed, pending appeal from the said order on contempt, and the said defendant below, Leeds & Catlin Company, has continued, and still continues the manufacture and sale of said infringing sound records for said use on an increased and very large scale, as hereinafter pointed out.

In the answer to the said petition and order to show cause, the defendant below filed its answer, and numerous affidavits and exhibits (T. No. 308, pp. 28-73),

and the argument upon the return of the said order to show cause, was had before Judge LACOMBE of the Circuit Court of the United States for the Southern District of New York on November 30, 1906. In an opinion dated January 5, 1907, as before stated, Judge LACOMBE found the said defendant below in contempt, and imposed a fine of one thousand dollars ($1000), collection to be suspended pending appeal (T. No. 308, p. 74). A decree for contempt in accordance with said opinion was made and entered in the said Circuit Court of the United States on January 11, 1907 (T. No. 308, p. 75), and on motion of solicitor for the defendant below, an order was made and entered on January 11, 1907, staying collection of said fine (T. No. 308, p. 76), upon the filing of a bond for one thousand dollars ($1000), or depositing with the clerk of the said court, the sum of one thousand dollars ($1000), in cash, by the said defendant below, as security, to secure the payment of said fine when due. On the same day, to wit, January 11, 1907, on the application of the said defendant below, an order was made and entered in the said suit, staying the decree for preliminary injunction and the preliminary injunction theretofore issued, pending appeal from the said decree for contempt, provided that the defendant should,

> "within fifteen days from the filing of this order, file with the clerk of this court a bond in the sum of ten thousand dollars ($10,000), with sufficient surety, to be approved by the clerk of this court, as security to indemnify complainants for damages and profits due to infringement accruing during the period of said stay; and provided also that defendant shall, on the first day of each calendar month during the period of said stay and on the last day of said stay, file with the clerk of this court a statement sworn to by one of its officers showing the number of disc sound records sold by it during the month or part of the month preceding the day of the filing thereof" (T. No. 308, p. 77).

That thereafter and on, or about the twenty-fourth day of January, 1907, the said defendant below filed a bond in the sum of ten thousand dollars ($10,000), as required in said order of January 11, 1907 (T. No. 308, p. 77), a copy of which bond is annexed to the petition herein and marked Exhibit B, and referred to as "Contempt Bond." (Pet., p. 24.)

On January 26, 1907, a bond in the sum of one thousand dollars (T. No. 308, pp. 78-80), was filed by the defendant below as provided in the order of January 11, 1907, staying collection of fine (T. No. 308, p. 76).

Thereafter, and on January 26, 1907, the said defendant below, the Leeds & Catlin Company, filed its petition for writ of error from the said judgment or decree on contempt entered in the said suit on January 11, 1907, and also its assignment of errors (T. No. 308, pp. 82-85), and a citation on said writ of error was issued on January 26, 1907 (T. No. 308, p. 87), and served on January 31, 1907 (T. No. 308, p. 88).

The hearing upon said writ of error was had before the United States Circuit Court of Appeals for the Second Circuit on April 9, 1907, which court, on May 2, 1907, handed down its opinion affirming the said decree of January 11, 1907, Judge WALLACE dissenting, finding the said Leeds & Catlin Company in contempt (T. No. 308, pp. 90-95), and an order of affirmance, in accordance with said opinion was made and entered in the said Circuit Court of Appeals on May 8, 1907 (T. No. 308, p. 96), which order further provided that a mandate issue out of the said Circuit Court in accordance with the said order of affirmance.

On May 8, 1907, upon the motion of the said defendant below, the issuance of the mandate of the said Circuit Court of Appeals as directed in said order of affirmance, was stayed until May 29, 1907, by an order made and entered on said May 8, 1907 (Pet., p. 49).

This order is not found in the transcripts of records in these cases, but a certified copy thereof is attached to the affidavit of Harry Cobb Kennedy, filed in support of this petition (Pet., p. 29). This said order staying the mandate was obtained upon the representation of the said defendant below that it intended to petition this Honorable Court for writs of *certiorari* to review the decree for preliminary injunction heretofore made and entered herein, and also to review the said decree finding the said defendant below in contempt.

Petitions were filed in this Honorable Court by the said defendant below on May 13, 1907, asking for the issuance of the said writs of *certiorari,* and on May 27, 1907, this Honorable Court granted the said petitions of the defendant below, as before set forth, and on May 28, 1907, issued two writs of *certiorari* to the Honorable Judges of the United States Circuit Court of Appeals for the Second Circuit, commanding them to send without delay to this Honorable Court, the record and proceedings recited in the said petitions for writs of *certiorari.* The said writs *of certiorari* have been complied with, and the said records and proceedings are now before this Honorable Court, the cases being Nos. 307 and 308 of the October Term, 1907.

It should be stated that the preliminary injunction bond (Pet., p. 20), required by Judge TOWNSEND to secure the complainants during the stay, pending appeal from his decision, filed April 26, 1906, probably only covers the period of stay of injunction pending the decision and order of the United States Circuit Court of Appeals for the Second Circuit, which order was filed October 22, 1906, and upon which the writ of injunction issued October 27, 1906. The only bond, therefore, now available to the complainants for the infringement by the sale of records since the contempt, is the Contempt Bond for only $10,000, which was en-

tered January 24, 1907, pending appeal to the United States Circuit Court of Appeals. (Pet., p. 24.) This petition is, therefore, for additional security to indemnify the respondents for damages and for profits accruing to the defendant below, since May 8, 1907, the date of the order of affirmance in the contempt proceedings by the said Circuit Court of Appeals, holding the defendant in contempt, by the manufacture and sale of records for infringing purposes, as hereinbefore set forth.

The said order of May 8, 1907, staying the issuance of the mandate of the said Circuit Court of Appeals until May 29, 1907 (Pet., p. 49), was made in view of the fact that a decision upon the said petitions for writs of *certiorari* presented to this Honorable Court on May 13, 1907, would probably be made on May 27, 1907, the last day of the term at which these petitions were heard. The decisions of this Honorable Court granting the said petitions were made on May 27, 1907, and the writs of *certiorari* pursuant to said decisions were issued on May 28, 1907, to the Judges of said Circuit Court of Appeals, thus staying further proceedings in said Circuit Court of Appeals and preventing the issuance by the said Circuit Court of Appeals of its mandate to the Court below, and thereby preventing the reinstating of the preliminary injunction heretofore granted herein. The said defendant below, the Leeds & Catlin Company, has, therefore, continued to make and sell records for infringing purposes by reason of the stay of the preliminary injunction then and now existing, and still continues such manufacture and sale on a large scale. (Pet., p. 17.)

The petition herein sets forth the granting of the two writs of *certiorari* in these cases by this Honorable Court (Pet., p. 4); the subject-matter of the patent in suit (Pet., p. 5); the contempt proceedings had heretofore herein (Pet., p. 6); the steps of the litigation in the courts below (Pet., pp. 8-12); the inadequacy of the contempt bond for $10,000 required

to be filed as a condition of the said stay (Pet., p. 13); the probability that these cases Nos. 307 and 308 will not be reached for argument before this Honorable Court during the present term (Pet., p. 14), the probable average profit of the said defendant below upon each of said infringing records sold by it to be twenty (20) cents (Pet., p. 15); the probable amount of such profits accruing to the said defendant below from January 11, 1907, to June 1, 1908, to be at least $146,551.60 (Pet., p. 15); the probable profits accruing to the said defendant below by reason of continuing sales of the said infringing records from May 8, 1907, to October, 1908, to be at least $182,179.60 (Pet., p. 16); that these respondents are being irreparably damaged by the continuance by the said defendant below of its sales of the said infringing articles (Pet., p. 16); that the amount of damage thus being done is at least the sum of $80,000 (Pet., p. 17); that in view of such amounts of profits that have accrued and which will accrue to said Leeds & Catlin Company, and in view of the amount of damage to which these respondents have been, and will be subjected by reason of the continued and continuing infringing acts of the said defendant below, counting from May 8, 1907, the date of the order of affirmance of the decree of the Circuit Court in the contempt proceedings, that additional security in the sum of at least $200,000 should at this time be required of the said defendant below (Pet., p. 17); that this petition is diligently presented to this Honorable Court (Pet., p. 18); and finally the prayer of these respondents that this Honorable Court require the said defendant below to file additional security in the sum of $200,000, to indemnify these respondents for damages and profits due to infringement accruing during the period of stay of the said preliminary injunction from and after the date of the issuance of the order of affirmance of the decree for con-

tempt in this cause in the United States Court of Appeals for the Second Circuit, namely, since May 8, 1907 (Pet., p. 18).

Accompanying this petition of these respondents, and filed in support thereof, are the affidavits of, first, Harry Cobb Kennedy, in which is set forth the (a) history of the previous litigation in these cases; (b) the fact that the contempt bond of $10,000 was manifestly intended by Judge LACOMBE to cover only a period of about four months of infringement at the rate the Leeds & Catlin Company were then manufacturing said infringing records which has since materially increased; (c) the probable average sales, etc,; second, the affidavit of Louis F. Geissler, general manager of the Victor Talking Machine Company, one of the respondents herein, which, among other things, sets forth the damages which are accruing to these respondents by reason of the stay of the said writ of preliminary injunction, and the making and selling by the defendant below, of the infringing articles hereinbefore referred to; third, the affidavit of Belford G. Royal, which sets forth, among other things, the probable amount of profits which the said defendant below, Leeds & Catlin Company, has made, is making and will continue to realize by its making and selling of the infringing articles hereinbefore referred to, under the stay of the said writ of preliminary injunction, also the fact that the complainants are most inadequately secured, etc.; and fourth, the affidavit of Albert C. Middleton, secretary of the Victor Talking Machine Company, one of the respondents herein, in corroboration of the two affidavits last above recited.

The relief prayed for in this petition is that additional security in the sum of $200,000, additional to that of the bond for ten thousand dollars ($10,000) contempt bond (Petition, p. 24), be given to these respondents for the profits and damages accruing by

reason of the continued stay of preliminary injunction herein since May 8, 1907. The ground urged in support of the petition is that these respondents are entitled to *full indemnification* for the profits and damages accruing during the said period of stay, and that the contempt bond already given by the defendant below as such indemnification is in nowise *indemnifying,* but, on the contrary, is totally inadequate. It is further urged that the continuance of the said period of stay of preliminary injunction without the additional security to these respondents prayed for, would be unfair, unjust, inequitable, and not contemplated by the Court below when it fixed the amount of the bond.

POINT I.

This Honorable Court alone has jurisdiction and authority to grant the relief prayed for in this petition.

Hubbard *v.* Tod, 171 U. S., 474;
Louisville, N. A. & C. Ry. Co. *v.* Louisville Trust Co., *et al.*, 78 F. R., 659;
Draper *v.* Davis, *et al,* 102 U. S., 370;
Morrin *v.* Lawler, 91 Fed. Rep., 693;
Re Chetwood, 165 U. S., 443, 462;
Jerome *v.* McCarter, 21 Wall., 17.

As set forth in this petition, these cases are before this Honorable Court on two writs of *certiorari* to the United States Circuit Court of Appeals for the Second Circuit to review the decree for preliminary injunction heretofore granted (Case No. 307), and to review the decree finding the said defendant below, Leeds & Catlin Company, in contempt for violating and disobeying the writ of preliminary injunction issued pursuant to said decree (Case No. 308).

The said writs of *certiorari* were granted by this Honorable Court upon the petitions therefor of the

said defendant below, Leeds & Catlin Company, under the authority and jurisdiction vested in this Court, under Section 6 of the Act of March 3, 1891, 26 Stat. at Large, 828, which section determines in part the appellate jurisdiction given the circuit courts of appeal created by the said Act, and also in the second paragraph of the said Section 6 determines the jurisdiction of this Honorable Court over final decrees of the said Circuit Courts of Appeal, which is as follows:

> "And excepting, also, that in any such case as is hereinbefore made final in the circuit court of appeals, it shall be competent for the Supreme Court to require, by *certiorari* or otherwise, any such case to be certified to the Supreme Court for its review and determination with the same power and authority in the case as if it had been carried by appeal or writ of error to the Supreme Court."

This case is one of those in which the judgment or decree of the Circuit Court of Appeals shall be final, the case having arisen under the patent laws of the United States, which is one of the classes of cases in which, under the first paragraph of said Section 6 of Act of March 3, 1891, the judgment or decrees of the Circuit Courts of Appeals shall be final. These cases thus being before this Honorable Court under writs of *certiorari* issued by this Honorable Supreme Court, are now pending as if on appeal of the said defendant below, Leeds & Catlin Company, the petitioner for said writs of *certiorari*, and this Honorable Court has exclusive jurisdiction of all the proceedings in the said cases. This interpretation of the said section of the said Act as made by this Honorable Court is found in the case of Hubbard *v.* Tod, *supra*, wherein the Court said, at page 494:

> "It is provided by the judiciary act of March 3, 1891, that any case in which the judgments or decrees of the circuit court of appeals are

thereby made final, may be required, by *certiorari* or otherwise, to be certified to this court 'for its review and determination, with the same power and authority in the case as if it had been carried by appeal or writ of error to the Supreme Court.'

"This case belongs to the class of cases in which the decree of the Circuit Court of Appeals is made final by the statute, and having been brought up by *certiorari* on the application of the petitioner below, is pending before us as if on his appeal."

The application embodied in this petition cannot, therefore, be made to the courts below and is properly made to this Honorable Court (Draper *v.* Davis, *et al.*, *supra*), in which this Honorable Court held:

(Syllabus) "The power of a justice of the court below, over the appeal to this court and over the security, in the absence of fraud, is exhausted when he takes the security and signs the citation. From that time the control of the *supersedeas*, as well as the appeal, is transferred to this Court."

The power of this Court over proceedings brought before it by writ of *certiorari* to review judgments in proceedings in contempt is set forth in the opinion of this Honorable Court *in re* Chetwood, *supra*, where this Honorable Court said, at page 392:

"Judgments in proceedings in contempt are not reviewable here on appeal or error. Hayes *v.* Fischer, 102 U. S., 121 (26: 95); *re* Debs, 158 U. S., 573 (39: 1095); 159 U. S., 251. But they may be reached by writ of *certiorari* in the absence of any other adequate remedy."

The rule is established in the Federal Courts that "when all the steps necessary to perfect an appeal have been properly taken, the action is within the con-

trol of the Appellate Court, and a motion for substitution of the appeal bond must be addressed to that court" (Morrin *v.* Lawler, *supra*). This Honorable Court has laid down the rule under which motions or petitions respecting the security given on a *supersedeas* in the court below must be made, in Jerome *v.* McCarter, *supra,* and that the present petition is fully within the rule there laid down will be completely shown under another point.

The case of Rubber Company *v.* Goodyear, *et al.,* 73 U. S., 153, is particularly in point in this case. Rule 29 of this Honorable Court was adopted at the time of the decision in that case. One of the questions disposed of in that case was a motion by the appellants for the reduction of the amount of the bond for *supersedeas.* The case was before this Honorable Court on appeal from a final decree of the Circuit Court, which found that the defendant below had infringed certain letters patent belonging to the complainant below, and awarded the complainant below the sum of $310,757.72 profits made by the defendant below in violation of the rights of the complainant below under said letters patent. The Court below, in fixing the amount of the bond for *supersedeas,* required a bond in double the amount of the decree. It appeared that the appellants had made a deposit of bonds amounting to a sum not less than $200,000 before the bond on appeal was required, and this Honorable Court held that in view thereof the appeal bond might be reduced to the sum of $225,000. The opinion of this Honorable Court, in part, is as follows:

> "In order to make the appeal operate as a *supersedeas* it is necessary for the appellant to give good and sufficient security for the prosecution of the appeal, and for all costs and damages that may be adjudged against him. * * * It is not required that the security shall be in any fixed

proportion to the decree. What is necessary is, that it be sufficient, and when it is desired to make the appeal a *supersedeas,* that it be given within ten days from the rendering of the decree. The question of sufficiency must be determined in the first instance by the judge who signs the citation; but after the allowance of the appeal, this question, as well as every other in the cause, becomes cognizable here."

"It is, therefore, matter of discretion with this Court to increase or diminish the amount of the bond, and to require additional sureties, or otherwise, as justice may require."

POINT II.

The amount of bond, referred to herein as the contempt bond, as fixed by the Court below upon the granting of the supersedeas or stay of January 11, 1907, is insufficient in law, as good and sufficient security to indemnify these respondents for damages and profits due to infringement accruing during the period of stay of the decree for preliminary injunction.

Hudson *v.* Parker, 156 U. S., 277;
Catlett *v.* Brodie, 22 U. S., 9 Wheat., 553, 555;
O'Reilly *v.* Edrington, 96 U. S., 724;
Rule 29, Rules of the Supreme Court.

The appeal contemplated by the Court below and pending which appeal the stay of the decree for preliminary injunction and the preliminary injunction were stayed by the order of January 11, 1907 (T. No. 307, p. 77), was an appeal from the order on contempt of the Circuit Court of the United States for the Southern District of New York, to the United States Circuit Court of Appeals for the Second Circuit, and such appeal was taken pursuant to Section 6 of Act of March

3, 1891, which gave said Circuit Court of Appeals jurisdiction to hear and finally determine said appeal.

Re Christensen Engineering Co., 194 U. S., p. 458;
Bessette *v.* W. B. Conkey Co., 194 U. S., p. 324;

In re Christensen Engineering Co., *supra,* the syllabus, which is fully supported by the opinion, states:

> "A writ of error lies from the appropriate circuit court of appeals to review an order of a circuit court, adjudging the defendant in a suit for the infringement of a patent guilty of contempt in disobeying a preliminary injunction, and ordering him to pay a fine of $1,000, one-half to the United States and the other half to the complainant."

This case is so exactly in point with the facts in these cases, that it is absolutely conclusive in establishing the jurisdiction of the Circuit Court of Appeals for the Second Circuit in hearing the apeal from the said order on the contempt made in this case. Reference is made in the opinion in that case to the opinion of this Honorable Court in Bessette *v.* W. B. Conkey Co., *supra,* which was decided just prior to the decision *in re* Christensen Engineering Co., and is reported in the same volume of the reports of this Honorable Court. The opinion in Bessette *v.* W. B. Conkey Co., contains an exhaustive examination of the writ of review in contempt cases, and is authority for the opinion *in re* Christensen Engineering Co., *supra.* It therefore follows that the only period of stay which could have been contemplated by the Court below when it made the said order of stay, was during the pendency of an appeal to the Circuit Court of Appeals for the Second Circuit from said order on contempt (provided, also, that the said appeal should be "promptly taken

and diligently prosecuted") (T. No. 308, p. 77), and was intended to cover a period of time extending only from January 11, 1907, until the time of the determination of the appeal by the said Circuit Court of Appeals, which was May 8, 1907. This must be so, for no other court than the Circuit Court of Appeals for the Second Circuit had jurisdiction to hear the said appeal, and the Court below was without any authority, or jurisdiction, to grant a period of stay beyond the pendency of the said appeal to the said court. Furthermore, the appeal from the Circuit Court to the Circuit Court of Appeals is the only "appeal" provided for in the statutes governing the jurisdiction of the Federal Courts. These cases are not now before this Honorable Court on "appeal," but are before this Honorable Court by reason of the exercise of its jurisdiction, set forth in Section 6 of the Act of March 3, 1891, and thus it seems to be indisputable that when Judge LACOMBE, upon the granting of the said period of stay decided that these respondents were entitled to a bond to indemnify them for profits and damages due to infringement accruing during the period of stay, he had in mind that the bond was to cover the period of time from January 11, 1907, to the determination of the Circuit Court of Appeals for the Second Circuit of the appeal of the defendant below from the said order on contempt.

Furthermore, the Court below required, under the said order granting the stay, that the appeal contemplated under the said order must be "promptly taken and diligently prosecuted" (T. No. 308, p. 77). At the time of the making of the said order of January 11, 1907, there remained several months of the October Term, 1906, of the said Circuit Court of Appeals, during which time the appeal contemplated in the said order of January 11, 1907, could be heard (Pet., p. 13) (Kennedy Affidavit, Pet., p. 34), and it is altogether probable that if the said defendant below had not taken

and prosecuted such appeal to a hearing before the said Circuit Court of Appeals, before the end of the October Term, 1906, *i. e.*, before the end of May, 1907, a motion by these respondents to reinstate the injunction, or to vacate the said order of stay of January 11, 1907, would have been granted.

In Hudson *v.* Parker, *supra,* a petition for writ of mandamus was submitted to this Honorable Court to command the respondent (Parker), a United States District Judge, to admit the petitioner (Hudson), to bail on a writ of error from this Honorable Court upon a judgment of the United States District Court, adjudging the petitioner to be guilty of an assault with intent to kill, and sentencing him to imprisonment, etc. The respondent refused to fix the amount of the bail bond on the ground that he had no legal right to do so. This Honorable Court held that the petitioner was entitled to the mandamus to the District Judge to admit the petitioner to bail, on his giving bond in proper form and with sufficient sureties. On the question of the approval of the bail bond the Supreme Court said, page 287:

> "Upon a writ of error in a civil case, the requisite security is ordinarily taken by the justice or judge who allows the writ and signs the citation. Jerome *v.* McCarter, 88 U. S., 21 Wall., 17. But where the bond taken is insufficient in law, this court, in the exercise of its inherent jurisdiction as a court of error, may direct that the writ be dismissed, unless the plaintiff in error gives security sufficient in this respect, to be taken and approved by any justice or judge who is authorized to allow the writ of error and citation. Catlett *v.* Brodie, 22 U. S., 9 Wheat., 553, 555; O'Reilly *v.* Edrington, 96 U. S., 724."

In O'Reilly *v.* Edrington, 96 U. S., 724, a motion to dismiss was based upon several points, one of which related to the approval of the bond. There had been

an irregularity in the court below in the acceptance of the security upon the appeal. This Honorable Court held that the objection to the bond was well taken, and ordered a dismissal of the appeal, unless the appellant should

> "file with the clerk of this court a bond, with good and sufficient security, conditioned according to law, for the purposes of the appeal. If the appellant desires that the appeal shall operate as a *supersedeas,* the bond may be in the sum of $7,000; otherwise, in the sum of $250."

The attention of this Honorable Court is also called to Rule 29, Rules of the Supreme Court, which rule was adopted by this Court in 1867, at which time appeals and writs of error from the circuit courts were heard by this Honorable Court. The rule, in part, is as follows:

> "*Supersedeas* bonds in the circuit courts must be taken, with good and sufficient security, that the plaintiff in error, or appellant shall prosecute his writ or appeal to effect, and answer all damages and costs if he fail to make his plea good. Such indemnity, where the judgment or decree is for the recovery of money not otherwise secured, must be the whole amount of the judgment or decree, including just damages for delay, and costs and interests on the appeal; * * *"

It is respectfully submitted that, while this rule is not directly applicable to the facts in the present case, yet it shows that it is the intention and policy of this Court to take the necessary steps to protect the rights of its litigants. The establishment of the Circuit Courts of Appeal by the Act of March 3, 1891, took away much of the appellate jurisdiction of this Honorable Court, to which Rule 29 was particularly applicable. However, these respondents may be considered to be before this Honorable Court as appellees, while

the said defendant below is the appellant; and, as appellees, these respondents would be entitled, under said Rule 29, to a *supersedeas* bond with good and sufficient security that the plaintiff in error, or appellant (here the Leeds & Catlin Company), shall prosecute its writ, or appeal, to effect and answer all *damages* and costs, if it fail to make its plea good.

Furthermore, it is respectfully submitted that this case is one "where the judgment, or decree, is for the recovery of money not otherwise secured," and the indemnity required of the appellant "must be for the whole amount of the judgment, or decree, including just damages for delay and costs and interests on the appeal." Rule 29, Rules of the Supreme Court.

It, therefore, appears that if the Circuit Court of Appeals had not been established and that these parties were before this Honorable Court on appeal, or writ of error from the Circuit Court directly, these respondents would be entitled under said Rule 29, to full indemnification for profits and damages accruing owing to the *supersedeas* in this case; which indemnification is all that is herein requested.

It is, therefore, respectfully submitted that these respondents are without the good and sufficient security to indemnify them for the profits and damages due to infringement accruing during the stay granted in the said order of January 11, 1907, to which they are entitled by law. The Circuit Court intended that the bond which it required to be given by the said defendant below on the granting of the said stay, should be in full indemnification to these respondents. This is shown by the language of the order granting the stay (T. No. 308, p. 77). This Honorable Court having exercised its jurisdiction in issuing the said writs of *certiorari,* has prolonged the stay to an extent not contemplated by the Court below, and to cover which extended period no indemnification was, or could have

been provided by the Court below. The action of the Court below in determining that these respondents are entitled to good and sufficient security to indemnify them, was discretionary, and will not be reviewed by this Honorable Court. That is to say, that the question of whether or not these respondents are entitled to good and sufficient security to indemnify them during the period of stay, has been conclusively settled by the Court below, deciding that these respondents are entitled to such indemnification.

It is respectfully submitted, therefore, that this Honorable Court, by virtue of the jurisdiction conferred upon it, should carry out the plain intention of the Court below, and grant these respondents full indemnification which the Court below decided they were entitled to, but which it had no power to grant since this Honorable Court has taken jurisdiction.

POINT III.

The stay, or supersedeas granted in the said order of January 11, 1907, was not granted as a matter of right and should, therefore, be construed, in view of the circumstances attending its granting, and as it was intended to operate by the Court below. The stay, or supersedeas in the contempt proceedings herein, by the order of January 11, 1907, was granted in the exercise of the discretion of the Court below.

Lalance & Grosjean Mfg. Co. *v.* Haberman Mfg. Co., 54 F. R., 375;
Re Haberman Mfg. Co., 147 U. S., 525.

The Court below having exercised its discretion and granted a stay upon terms to the defendant below, these respondents are entitled to have the terms upon which the said stay was granted; *i. e.*, indemnification, strictly complied with. The Court below intended that

these respondents should be fully indemnified by reason of the stay of the preliminary injunction. As has hereinbefore been shown, such indemnification has not been given to these respondents.

Affidavit of Geissler (Pet., p. 51), affidavit of Royal (Pet., p. 64), and affidavit of Middleton (Pet., p. 71).

The position of the parties is, by the issuing of the writs of *certiorari*, therefore, changed, owing to the continuance of the stay beyond May 8, 1907, the date of the determination of the appeal contemplated in the order granting the stay, by the grants of the said writs of *certiorari*, the defendant below is continuing its manufacture and sale of the infringing articles to its great profit, while these respondents have no adequate indemnification for such profits, and to which indemnification the Court below decided these respondents were entitled.

It is, therefore, submitted that the defendant below, Leeds & Catlin Company, should not be permitted to be benefited to the injury and damage of these respondents, where it plainly appears that it was the intention of the Court below that the granting of the stay by it, under the conditions imposed by it, would not change the positions of the parties, and that these respondents would not suffer pecuniary damage or loss by reason of the granting of the said stay.

POINT IV.

There has been such a "change of the circumstances of the case and of the parties" as to bring this petition within the rule set forth by this Honorable Court in Jerome v. McCarter, 21 Wall., p. 17, and under its authority the relief prayed for in the petition should be granted.

Jerome *v.* McCarter, 21 Wall., p. 17;
Williams *v.* Claflin, 103 U. S., p. 753.

The leading case covering the questions raised in

this petition is that of Jerome *v.* McCarter, *supra.* In that case, a bill was filed by the junior mortgagee against the mortgagor, a bankrupt, and its assignees in bankruptcy, for the foreclosure of his mortgage, and a sale of the mortgaged property, subject to certain prior encumbrances. The case came before this Honorable Court on appeal by the bankrupt and its assignees in bankruptcy, from a decree ordering the payment of $1,057,686.37 to the complainant by the bankrupt or its assignees, and in default of such payment the sale of the mortgaged property, subject to an encumbrance thereon of $1,500,000 and upwards. The Justice who granted the appeal and signed the citation accepted a *supersedeas* bond in the sum of $10,000. The appellee made a motion before this Honorable Court to increase the amount of the bond and require additional sureties, which motion was decided in the opinion now under consideration.

The motion was denied by this Honorable Court on the ground that this Honorable Court would not review the discretion exercised by the Justice who accepted the bond, inasmuch as all the circumstances were present at the time of his acceptance of the bond as were present at the time of the motion. The opinion gives the history of the previous litigation in this Honorable Court upon similar questions to those raised by the motion, and stated the rule governing the disposition of such motions, which rule has since been followed by this Honorable Court, and which is as follows:

> "We all agree that if after the security has been accepted, the circumstances of the case or of the parties, or of the sureties upon the bond have changed, so that security which, at the time it was taken, was 'good and sufficient,' does not continue to be so, this court may, upon a proper application, so adjudge and order as justice may require."

And further in the opinion, this Honorable Court said:

> "So, while we agree that in a proper case, after an appeal or writ of error taken here, this Court may interfere and require additional security upon a *supersedeas*, it will not attempt to direct or control the discretion of a judge or justice in respect to a case as it existed when he was called upon to act, except by the establishment of rules of practice."

It has been shown above, in Point I, that these cases are before this Honorable Court as if on appeal by the said defendant below, the Leeds & Catlin Company (Hubbard *v.* Tod, 171 U. S., 474); and, therefore, the rule laid down in Jerome *v.* McCarter, *supra*, as to the action which this Honorable Court will take upon an application for additional security upon a *supersedeas*, applies to these cases.

It is respectfully submitted that there has been such a "change of the circumstances of the case" since the acceptance by the Court below of the bond upon the *supersedeas* herein as to bring this case within the rule laid down in Jerome *v.* McCarter, *supra*, and that the relief prayed for in this petition should be granted. It has been shown above that the Court below, when it accepted the bond upon the *supersedeas* granted by it, could not have contemplated a period of stay beyond the determination of the appeal of the defendant below by the Circuit Court of Appeals, and furthermore, that such appeal must be "promptly taken and diligently prosecuted."

It further appears in the petition (Petition, p. 13) and in the affidavit of Henry Cobb Kennedy (Petition, p. 34), that it was altogether probable that the Court below contemplated that such determination of the said appeal would be made by June, 1907. There is absolutely nothing in the record, nor can it be reasonably

inferred, that the Court below, when fixing the amount of the bond, had in mind a period of stay which would include the stay now existing by reason of the grants of the writs of *certiorari* herein. Neither can it be questioned but that the Court below considered that these respondents were entitled to good and sufficient surety of indemnity for the profits and damages due to infringement accruing during the period of the stay granted by him. The bond accepted by the Court below (Petition, p. 24), was not punitive in its nature, but indemnifying. The very language of the order providing for the giving of the said bond recites that it was "to indemnify" these respondents for "all damages and profits due to infringement of claims 5 and 35 of the letters patent" in suit accruing during the period of the stay.

To indemnify means "to save harmless," "to make good to," "to preserve or secure against loss or damage," "to engage to make good or secure against anticipated loss," and it is respectfully submitted that the bond given by the defendant below is not now such indemnification. The Court below intended that these respondents should be indemnified, and fixed the amount of the bond required by it to act as such indemnification over the period of stay contemplated by the order granting the stay. Now, owing to a circumstance which was not present at the time of the fixing of the amount of the bond, to wit, the granting of the said writs of *certiorari*, the bond does not serve as such indemnification to which the Court below determined these respondents were entitled, and it is respectfully submitted that this Honorable Court should by its direction for the filing by the said defendant below of the additional security requested in this petition, carry out the obvious intentions of the Court below, and give these respondents good and sufficient security to cover the period of stay running from May 8, 1907.

The case of Jerome *v.* McCarter, *supra*, has been often cited in the subsequent opinions of this Honorable Court, and always followed.

Williams *v.* Claflin, *supra*, is particularly applicable to the present case. The appellants in that case were interested only in preserving their security for a debt amounting to about $152,000, when the decree was rendered.

> "When they took their appeal, execution of the whole decree had been stayed by another appeal of the present appellees, who were the complainants below. Consequently the amount of security to be given then by these appellants was a matter of but little importance comparatively. The other appeal has been dismissed, and in this way the circumstances of the case are materially changed. It is easy to see that what was sufficient security on this appeal when taken, is probably not so now."

This Honorable Court, under these circumstances, modified the *supersedeas*, and allowed the sale of the mortgaged property to be made under the decree, sufficient proceeds to be retained by the Court below to satisfy the claim of the appellants. In the opinion in that case, this Honorable Court cited Jerome *v.* McCarter, *supra*, as its authority for taking that action. The dismissal of the appeal referred to in the opinion was considered sufficient cause to require additional security to be given. It is respectfully submitted that the granting of said writs of *certiorari* in these cases are analogous to the dismissing of the appeal in Williams *v.* Claflin, *supra*, and that under the authority of this case the additional security prayed for in this petition should be granted.

It thus appears that the rule laid down in Jerome *v.* McCarter, *supra*, should govern the disposition of this petition. That the rule is firmly established in this

Honorable Court is shown by the cases cited. It is considered unnecessary to refer to further cases sustaining this proposition, inasmuch as these respondents are convinced that the facts upon which this petition is founded reveals a change of circumstances of the case by the granting of the *certiorari* since the acceptance of the *supersedeas* bond by the Court below.

POINT V.

The additional security requested in the petition herein is reasonable in amount and indemnifying only.

Affidavit of Louis F. Geissler (Petition, p. 51).
Affidavit of Belford G. Royal (Petition, p. 64).
Petition (P. 17).

The amount of additional security requested in this petition is $200,000.

The affidavit of Belford G. Royal, president of the Universal Talking Machine Manufacturing Company, and who has been engaged for a number of years past in the manufacture and sale of disc talking machines and records for reproducing sound therefrom, and who is very familiar with the cost of manufacture of disc sound records, has great probative force, owing to his experience in the industry and to the positive statements which he makes. He shows (Petition, p. 65), that the average cost to the defendant below of the "Nassau" records, infringing records made and sold by the said defendant, the Leeds & Catlin Company, is not more than ten cents per record (Petition, p. 66); which, in his judgment, is the total cost per record to the said defendant below (Petition, p. 66). It further appears that the profit to the said defendant below, the Leeds & Catlin Company, upon each of the said "Nassau" records would be approximately twenty cents (Petition, p. 67). The total number of infringing

records sold by the defendant from January 11, 1907, the date of the beginning of the stay of the preliminary injunction, to February 1, 1908, according to the sworn statements of the said defendant below (Petition, p. 15), is 555,118, and the amount of profit to the said defendant below upon such sales would be at least $111,023.60 (Royal affidavit, Petition, p. 67).

See also Geissler affidavit (Petition, p. 61).

The approximate number of records sold by the defendant below from May 8, 1907, to February 1, 1908, is 406,000 (Kennedy affidavit, Petition, p. 37), and the amount of profit to the said defendant below upon such sales would be at least $81,200.

The probable sales of the records by the defendant below from February 1, 1908, to say, June 1, 1908, assuming that the cases could be heard at this term of Court and the decision reached by that time, would amount on the foregoing basis to 177,800 records, and the amount of profit to the said defendant below upon such sales would be at least $35,560, which amount added to $81,200, the amount of the profits from May 8, 1907, to February 1, 1908, as before stated, would be $116,760. The probabilities are, it is respectfully submitted, that the decision of this Honorable Court could not be rendered by June 1, 1908, and would likely not be for a considerable period later. Even if the cases should be heard before the adjournment of this term of Court, it is probable that a decision would not be rendered until, at least, after the convening of the Court in October, 1908.

The probable sales of the records by the defendant below from February 1, 1908, to the decisions of these cases by the Honorable Court, should the decisions of these cases not be had until say, December, 1908, will be 445,000 (Kennedy affidavit, Petition, p. 37), to the probable profit to the defendant below of a sum not less than $89,000; which sum, added to the amount of

accrued profit from May 8, 1907, to February 1, 1908, to wit, $81,200, makes the amount $170,200 probable profits accrued and which will accrue to the defendant below, and for which sum it will be liable to these respondents should they prevail before this Honorable Court.

As appears in the petition (Petition, p. 14), and the affidavit of Harry Cobb Kennedy (Petition, p. 37), it is probable that the hearing of these cases by this Honorable Court will not occur before October, 1908, thus making a further stay of at least ten months in which the defendant may continue sales of the infringing articles. The average sales per month of the said defendant below of the said infringing articles during the last twelve months is 44,500 (Kennedy affidavit, Petition, p. 37), and it may fairly be assumed that the sales for the next ten months will at least be as much as in the year last past, and will probably be increased (Royal affidavit, Petition, p. 67).

The amount of profits and damages for which the defendant will be liable to these respondents, should they prevail before this Honorable Court, for the period from May 8, 1907, to the probable time of determination of these cases by this Honorable Court, will be, therefore, not less than $250,200; which sum includes the estimated damages of not less than $80,000, as hereinafter shown.

Re-Damages.

The amount of damages, aside from the profits, which these respondents have suffered by reason of the existing stay has been estimated by Mr. Geissler, General Manager of the Victor Talking Machine Company, one of the respondents herein, to be, at least, $80,000 (Petition, p. 55); which, however, would not represent the total damage suffered (Petition, p. 55).

The total amounts of profits and damages which these respondents would be entitled to recover from the said defendant below, should these respondents prevail before this Honorable Court at the hearing of these cases, may fairly and reasonably be estimated to be not less than $250,200. This calculation does not include the sale of infringing records during the stay period from January 11, 1907, to May 8, 1907, pending the appeal to the Circuit Court of Appeals in the contempt proceedings. The Court below, as shown above, intended that these respondents should be *indemnified* for profits and damages accruing during the period of stay.

It is respectfully submitted that the Court below contemplated that the respondents should be fully indemnified during the full period that the injunction should be stayed, but that the stay has extended far beyond the period contemplated by the Circuit Court, owing to a change of circumstances, *i. e.*, the granting of the *certioraris*, occurring since the fixing of the amount of the contempt bond, originally intended to act as such indemnity, and that this Honorable Court should therefore provide such additional adequate indemnity of $200,000, by granting the relief prayed for by this petition.

POINT VI.

It would be unfair, unjust and inequitable to allow the defendants below to accumulate and dissipate large profits by reason of the continuing of the said stay without giving ample indemnification to these respondents.

That the defendant below is manifestly not financially responsible to anywhere near the amount which these complainants would be entitled to recover in

accounting proceedings, is clearly shown by the affidavit of Geissler (Petition, p. 51), affidavit of Royal (Petition, p. 64), and affidavit of Middleton (Petition, p. 71).

It is further submitted that this bond of at least $200,000 should be required under the circumstances, as it is manifest that any corporation, such as the defendant, may divide and dispose of all its ill-gotten gains, accumulated during the period of the stay from time to time before the decision of this Honorable Court can be had, so that when the day of reckoning comes, the respondents, while having a legal right to collect, should this Honorable Court affirm the decisions below, would find an empty treasury and no assets from which to satisfy its judgment.

It is respectfully submitted that this Honorable Court should, therefore, by its direction protect these respondents by requiring the additional security to be entered to indemnify these respondents, as prayed for in this petition.

All of which is most respectfully submitted.

HORACE PETTIT,
Counsel for Respondents.

February 15, 1908.

COMMONWEALTH OF PENNSYLVANIA, }
COUNTY OF PHILADELPHIA, } *ss.:*

FREDERICK A. BLOUNT, being duly sworn according to law, deposes and says that he resides in Germantown, Phila. Pa., and that prior to February 15,1908,he was of lawful age, and that on February 15, 1908, he served a copy of the annexed brief on behalf of respondents, the Victor Talking Machine Company and United States Gramophone Company, for additional security, etc., upon Louis Hicks, of 71 Nassau street, New York, N. Y., by depositing said copy of said brief on behalf of respondents, enclosed within a sealed envelope addressed to Louis Hicks, Esq., of 71 Nassau street, New York, N. Y., in the registered mail of the United States at the Post Office in Philadelphia, Penna., and received for the same United States Post Office registered receipt for letter No. 86,332, which is attached hereto and upon which he has placed his initials and this date, namely, 2/17/08.

Sworn to and subscribed before me this 17th day of February, A. D. 1908. } FREDERICK A. BLOUNT.

ALEXANDER PARK,
(SEAL) *Notary Public.*
604 Stephen Girard Bldg., Philadelphia.
Commission expires February 6, 1909.

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Supreme Court of the United States.

LEEDS & CATLIN COMPANY, Petitioner, AGAINST VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	October Term, 1907. Nos. 307 and 308.

Brief on behalf of Leeds & Catlin Company, Petitioner, opposing Respondents' motion for an increase in the amount of the bond, given as security upon a partial stay of the injunction pending appeal.

The motion is opposed upon the following grounds:

FIRST.—This Court has *invariably* held that the amount of a bond to be given as security under an order suspending an injunction pending appeal is a matter to be determined by the judge below; and that the discretion thus exercised by him will not be reviewed by this Court. Equity Rule 93 was promulgated to settle the practice accordingly and thus to save the time of this Court (see authorities cited under POINT ONE, *infra*, p. 8).

SECOND.—Under Section 7 of the Act of March 3, 1891, providing for an appeal from an interlocutory decree for an injunction, the granting of a stay and the requiring of a bond and the fixing of the amount thereof, rest in the discretion of the Court below. Such discretion will not be reviewed either by this Court or by the Circuit Court of Appeals (see authorities cited under POINT TWO, *infra*, p. 12).

THIRD.—This Court will presume that, when the judge below fixed the amount of the bond, every fact was presented to him that could have been; and will not review the exercise of his discretion. When the Circuit Court granted the partial stay and fixed the amount of the bond it had in view every consideration urged in support of this motion (see discussion and authorities cited under POINT THREE, *infra*, p. 13).

FOURTH.—The allegations of the petition, and affidavits in support thereof, upon this motion, are based upon surmise and conjecture and are shown to be untrue by the opposing affidavits of Mr. E. F. Leeds and Mr. C. T. Fowler. The motion is based upon profits alleged to have been made. It is shown that there has been a serious *loss* and *no* profit; and that there is no showing of damage suffered by respondents (see discussion of facts under POINT FOUR, *infra*, p. 15.)

FIFTH.—During the period of the partial stay of the injunction, the Leeds & Catlin Company has neither made nor sold any machine or article covered by the patent in suit; and has made and sold only an *unpatented* article, namely, a sound-record (see discussion and authorities cited under POINT FIVE, *infra*, p. 17).

SIXTH.—The question of the amount of the bond was fully argued and determined in the courts below (see discussion under POINT SIX, *infra*, p. 18).

SEVENTH.—Under the two writs of certiorari issued by this court to review the decrees or judgments of the Court below in both the injunction and the contempt proceeding the Leeds & Catlin Company is clearly entitled to succeed upon the merits, and has, therefore, the legal right to sell the unpatented sound-record because the patent in suit is invalid and has expired and because the manufacture and sale of the unpatented record cannot, under the decisions of this Court, be held an infringement of the patent (see discussion and authorities cited under POINT SEVEN, *infra*, p. 20).

EIGHTH.—To grant this motion would give to the patentees the benefit of a patent upon the unpatented sound-record, contrary to the clear holding of this Court in the Morgan Envelope Company case (152 U. S., 425, 432), following *Wilson* v. *Simpson*, 9 How., 109, 125, that such result is not to be permitted (see authorities cited under POINT EIGHT, *infra*, p. 21).

NINTH.—The Leeds & Catlin Company is financially responsible, having fixed assets amply securing the respondents. The working capital of the company should not under the circumstances of this case and at this period of financial stringency be further tied up, since such action would force a suspension of the business of the company and result in irreparable injury, for which no redress whatever can be had (see discussion under POINT NINTH, *infra*, p. 22).

TENTH.—Judge Townsend in the Circuit Court, denied a motion to increase the bond of $10,000

given to suspend entirely the decree for injunction pending appeal in the injunction suit (see discussion under POINT TEN, *infra*, p. 23).

CONCLUSION.—The motion should be denied and, should the practice of this Court permit, the Leeds & Catlin Company requests that a hearing on the merits upon both branches of the case be had in April of this year (*infra*, p. 23).

Claims 5 and 35 of the patent in suit, being the only claims involved, read as follows:

> "5. The method of reproducing sounds from a record of the same, which consists in vibrating a stylus and propelling the same along the record by and in accordance with the said record, substantially as described.
>
> "35. *In* a sound reproducing apparatus consisting of a traveling tablet having a sound record formed thereon and a reproducing stylus shaped for engagement with said record and *free to be* vibrated and *propelled* by the same, substantially as described."

Claim 35 is meaningless and both claims are invalid since they claim the function of a machine (See discussion, *infra*, p. 7).

Statement.

These two causes (Nos. 307 and 308) come here by virtue of two writs of *certiorari* granted by this Court. In No. 307 (injunction proceeding) the ground of the petition for writ of *certiorari* was, under the authority of *Harriman* v. *Northern Securities Co.*, 197 U. S., 244, 286 and cases cited, that, although the decree was interlocutory, "the record presented the whole case to that Court (Circuit Court of Appeals) in such wise that it might properly have been finally disposed of in terms by its decree in accordance with the well settled rule

upon that subject," and the bill dismissed (see petition for writ of *certiorari*, pp. 2, 40), the contention being that the patent in suit had expired by reason of the expiration of prior foreign patents for the same invention, that the two claims in suit, Nos. 5 and 35, are invalid as being claims for the function of a machine, that the claims in suit are void because of more than two years prior public use, because of abandonment and because of clear anticipation by prior patents, all being pure questions of law, as fully shown in the petition for writ of *certiorari* and brief thereto annexed. Inasmuch as this Honorable Court, upon a consideration of the record and briefs upon the petition for writ of *certiorari*, granted the writ in accordance with the practice followed in the *Harriman* case, it would seem that in view of the decisions of this Court supporting the defenses referred to, the Circuit Court and the Circuit Court of Appeals should have dismissed the bill, and that such action by this Court may reasonably be expected to take place.

In No. 308 (contempt proceeding) the ground of petition for writ of *certiorari* was in the words of Judge Wallace, who dissented in the Circuit Court of Appeals, that:

> "Such a rule of infringement as is adopted by the majority opinion not only extends the monopoly of the patented to an unprecedented extent, but is subversive of the right of a purchaser of the patented thing to realize its fair measure of usefulness by making necessary reparations or changes by way of improvement" (T. No. 308, p. 95).

The contempt proceeding involves the right of the Leeds & Catlin Company to make and sell an *unpatented* article, to wit, a sound record. The injunction proceeding involves the invalidity and expiration of the patent itself, and of the two

claims thereof in suit Nos. 5 and 35. In the two petitions for the granted writs of *certiorari*, being Nos. 742 and 743 of October Term, 1906, the important questions of the patent law involved are briefly set forth with reference to the decisions bearing thereon.

This motion relates solely to the *amount* of the security required by the Court below, in the exercise of its *discretion*, upon *partially* staying the injunction, pending appeal. The stay permits the Leeds & Catlin Company to sell, pending appeal, *only* the *unpatented* sound-record. It does not permit the making or selling of the sound-reproducing machine of the patent in suit and it is not claimed that the Leeds & Catlin Company has made or sold, or is permitted, under the stay, to make or sell such machine.

As shown in the two petitions for the two writs of *certiorari* granted herein by this Court, the questions of patent law involved are of great, general importance upon which great doubt and diversity of opinion existed among the Judges of the Courts below.

As shown in the affidavits opposing this motion, (*a*) the amount of the security was fixed in the Circuit Court after full argument and consideration of all the facts and circumstances of the case, which have in no way changed; and (*b*) the allegations of fact made in support of this motion are untrue.

Furthermore, *upon the merits*, there can be no doubt, under the authorities cited in support of the two petitions for the granted writs of *certiorari*, but that the Leeds & Catlin Company has the legal right to make and sell upon the open market the *unpatented* sound-record, not only because the patent in suit is invalid and has expired, but also because, under the repeated and uniform decisions of this Court, as Judge Wallace said in the Circuit

Court of Appeals (T. No. 308, p. 94), the Leeds & Catlin Company has committed no infringement whatever of the claims in suit, 5 and 35 of the patent, claim 5 being, moreover, clearly void, as Judge Wallace said (T. No. 308, p. 94), as being a claim for the function of the machine of claim 35. Claim 35 is also invalid for the same reason, the only feature in it alleged to be novel being a function, namely, a stylus "*free to be propelled,*" there being no specification in the claim of the mechanism by which the freedom of propulsion is obtained and the machine illustrated and described in the specification being concededly the invention of another than the patentee, Berliner (see petition for writ of *certiorari* in No. 307, being No. 742 of October Term, 1896, at pp. 34-36, and *Westinghouse* v. *Boyden Co.*, 170 U. S., 537, 554; *Tyden* v. *Ohio Co.*, 152 Fed., 183, 185; *Manhattan Co.* v. *Helios Co.*, 135 Fed., 785, 789; *Cleveland Co.* v. *Detroit Co.*, 131 Fed., 740, 749). Claim 35, moreover, is meaningless. It starts to claim something "in a sound reproducing apparatus," but, after describing the apparatus, omits to state what is claimed (see discussion and cases cited at p. 36 of said petition for writ of *certiorari*).

Finally, the Leeds & Catlin Company has, pending the stay, sold the unpatented sound-records for export or subject to restrictions, set forth upon a label, attached to each record, limiting the use of such record to "mechanical feed" machines, not covered by the patent, and to replacement, by way of repair, of broken or worn-out records of machines made and sold with records under the patent in suit, acts which the Courts below conceded were not infringements of the patent. The machines of the patent in suit have always been sold by the patentees without restriction of any kind as to the use thereof.

It should, perhaps, be remarked that in the rec-

ord of the injunction suit (No. 307) the order partially staying the injunction pending appeal from the contempt order does not appear as part of that record. On the other hand, the order partially staying the injunction pending review by the Appellate Courts of the contempt order, which appears in the contempt record (No. 308, p. 77) is not properly before the Court in consideration of the judgment or decree for contempt. There is no appeal from the order partially staying the injunction and the order is not appealable. It is difficult to see, therefore, how that order can be brought before this Court for consideration in the contempt proceeding. It was an order resting entirely in the discretion of the Circuit Court. Possibly these questions may be the reason why this motion has been entitled in both the injunction and contempt proceedings, which, however, are separate and distinct, even though the record in the injunction proceeding forms part of the record in the contempt proceeding.

POINT ONE.

This Court has invariably held that the amount of a bond to be given as security under an order suspending an injunction pending appeal is a matter to be determined by the Judge below; and that the discretion thus exercised by him will not be reviewed by this Court. Equity Rule 93 was promulgated to settle the practice accordingly and thus to save the time of this Court.

This point is settled by numerous decisions of this court and no case is cited by respondents or can

be found where this court has reviewed the discretion of the judge below fixing the amount of a bond to be given as security under an order staying an injunction pending appeal in accordance with the provisions of Equity Rule 93.

In *Leonard* v. *Ozark Land Co.*, 115 U. S., 465, this court, referring to an application for a modification of an injunction made in advance of the final hearing of the appeal upon the merits, said:

> "Finding that such a practice, if permitted, would oftentimes *involve an examination of the whole case,* and necessarily take much time we promulgated the present Equity Rule 93, which is as follows:
>
> > 'When an appeal from a final decree, in an equity suit, granting or dissolving an injunction, is allowed by a justice or judge who took part in the decision of the cause, he may, in his *discretion,* at the time of such allowance, make an order suspending or modifying the injunction during the pendency of the appeal, *upon such terms* as to bond or otherwise *as he may consider proper* for the security of the rights of the opposite party?"

The motion was accordingly denied.

In *Hovey* v. *McDonald*, 109 U. S., 150, 161, it was likewise held that Equity Rule 93 had been adopted to facilitate the exercise by the court below of the discretionary power to suspend or modify an injunction pending appeal. This court there said (p. 161):

> "But it is a discretionary power, and its exercise or non-exercise is not an appealable matter."

In *American Strawboard Co.* v. *Indianapolis Water Co.*, 81 Fed., 423, the Circuit Court of Appeals, referring to *Leonard* v. *Land Co.*, 115 U. S.,

465, said that by Equity Rule 93 the Supreme Court had

> "established the rule that in general the Appellate Court would not, pending the appeal, and in advance of a decision by that court upon the merits, interfere with the discretion lodged with the trial judge. This conclusion is bottomed on manifest grounds of propriety. *In most cases it would be impossible for the Appellate Court properly to act in the premises without a careful review of the case upon the merits, which could not fitly be had upon the hearing of a motion.*"

In *Crown Co.* v. *Standard Co.*, 136 Fed., 184, the Circuit Court of Appeals, citing *Martin* v. *Hazard Co.*, 93 U. S., 302, and section 7, Court of Appeals Act, June 6, 1900, held that the Appellate Court would not interfere with the judgment of the judge below exercised in fixing the amount of the bond pending appeal from an order granting an injunction.

In *Greenbay Co.* v. *Norrie*, 118 Fed., 923, 924, Judge Townsend, referring to the *Leonard* and *Horcy* cases above cited, said:

> "But as, in practice, the exercise of it would require *the examination of the record in many cases*, the Supreme Court adopted Equity Rule 93, leaving to the determination of the trial judge at the time the appeal is allowed, the question whether the effect of the injunction should be suspended or not pending the appeal (*Leonard v. Land Co. supra*)."

The cases cited by counsel for respondents in support of this motion are cases relating mostly to supersedeas bonds given to stay execution of a judgment or decree for a *specified amount* and not to bonds given to stay an injunction pending appeal. Such bonds are regulated by Supreme Court Rule 29 and not by Equity Rule 93. However, in all

cases where the amount of the supersedeas bond *was left* by Supreme Court Rule 29 *to be determined by the trial judge,* the authorities uniformly hold, in accordance with the rule stated in the head note to *Jerome* v. *McCarter,* 21 Wall., 17, as follows:

> "1. The *amount* of a supersedeas bond as well as the sufficiency of the security are matters to be determined by the judge below under the provision of the 29th rule.
> "2. The *discretion* thus exercised by him will not be interfered with by this court."

In *Jerome* v. *McCarter, supra,* the motion was to increase the amount of a bond upon the ground that the cause could not be reached for hearing for two years and that the bond which had been fixed at $10,000 was inadequate, the decree of foreclosure being for $1,057,686. The motion was accordingly denied and the court stated in its opinion that it would "not attempt to direct or control the discretion" of the trial judge in such matters, and added that if this court could be called upon "to inquire into the action of the justice with respect to the amount of the security required, we may as to the pecuniary responsibility of the sureties at the time they were accepted."

The rule in regard to the discretionary part of supersedeas bonds is concisely stated in *Ex parte French,* 100 U. S., 1, 5, as follows:

> "as to the damages on account of the detention of the property, we decided in *Jerome* v. *McCarter* (21 Wall., 17) that the amount of the bond rested in the discretion of the judge or justice who signed the citation or allowed the supersedeas, and would not be reconsidered here."

POINT TWO.

Under Section 7 of the Act of March 3, 1891, providing for an appeal from an interlocutory decree for an injunction, the granting of a stay and the requiring of a bond and the fixing of the amount thereof, rest in the discretion of the Court below. Such discretion will not be reviewed either by this Court or by the Circuit Court of Appeals.

The rule established, as shown under Point One, by Equity Rule 93 and the decisions of this Court, was incorporated into section 7 of the act of March 3 of 1891, providing for appeal to the Circuit Court of Appeals from an interlocutory decree.

In *Haberman Mfg. Co.*, 147 U. S., 525, this Court held that the granting of a stay of an injunction pending appeal is, under section 7 of the act of March 3, 1891, not a matter of right, but is a matter of discretion, and that

> "such discretion of that Court (Circuit Court) cannot be controlled by a writ of mandamus from this Court."

In *Crown Co.* v. *Standard Co.*, 136 Fed., 184, the Circuit Court of Appeals similarly held that under section 7, Court of Appeals Act, June 6, 1900, the discretion of the judge below exercised in fixing the amount of bond on appeal, from an interlocutory decree granting an injunction and accounting would not be reviewed.

The order of the Court below partially suspending the injunction is not affected by, but continues under, the writ of *certiorari* issued by this Court, which continues the appeal (*Staffords* v. *King*, 90

Fed., 136, 141 (C. C. A.); and see *Hubbard* v. *Tod*, 171 U. S., 474, 494).

As above explained (p. 4) in the injunction suit (No. 307) the writ of *certiorari* was granted to review an interlocutory decree in an equity suit in accordance with the prayer of the petition therefor upon the authority of *Harriman* v. *Northern Securities Co.*, 197 U. S., 244, 286, and cases cited, the record presenting the whole case in such wise that the Court below might properly have finally disposed of it by decree dismissing the bill in accordance with the well settled rule upon that subject.

POINT THREE.

This Court will presume that, when the Judge below fixed the amount of the bond, every fact was presented to him that could have been; and will not review the exercise of his discretion. When the Circuit Court granted the partial stay and fixed the amount of the bond it had in view every consideration urged in support of this motion.

In *Jerome* v. *McCarter*, 21 Wall., 17, 31, this Court, referring to the exercise by the trial judge of his discretion in fixing the discretionary amount of a supersedeas bond, said:

> "And we will presume that when he acted every fact was presented to him that could have been."

As explained in the opposing affidavit of Mr. Hicks upon this motion (p. 19, fol. 55), Judge La-

combe, being in great doubt upon the question of law involved on the motion to punish for contempt, stated, in his opinion (T. 308, p. 74), that a stay would be granted pending appeal and upon the settlement of the order stated that seven judges out of ten would have denied the motion (Affidavit, Hicks, p. 19, fol. 55), and immediately, upon motion made, granted the order partially staying the injunction pending appeal in the contempt proceeding (T. No. 308, p. 77) without limitation as to the Court or Courts in which the review was to be had, it being the intention to obtain, if permitted, a decision by the Supreme Court upon the important question of law involved (Affidavit, Hicks, p. 19, fol. 56), in which effort, as explained in the affidavit of Mr. Hicks (p. 20), the judges of the Circuit Court of Appeals promptly supported him. Without exception, the judges below considered that the questions involved should be passed upon by this Court, and promptly assisted in securing such desired result. Judge Lacombe's decision granting the motion was necessary to a review by the appellate courts. All the circumstances of the case, including the facts and the merits, were carefully considered by Judge Lacombe and also by the Circuit Court of Appeals, and nothing is urged here in support of this motion which was not before Judge Lacombe at the time when he fixed the amount of the bond under the order partially staying the injunction. Judge Townsend fixed the bond pending appeal from the decree for injunction at $10,000, and, after full argument upon affidavits, *denied a motion to increase that bond*, and Judge Lacombe reached the same result, in the exercise of his discretion, that Judge Townsend had previously reached in the exercise of his discretion (Affidavit, Hicks, p. 18, fol. 53; p. 19, fol. 56).

POINT FOUR.

The allegations of the petition, and affidavits in support thereof, upon this motion, are based upon surmise and conjecture and are shown to be untrue by the opposing affidavits of Mr. E. F. Leeds and Mr. C. T. Fowler. The motion is based upon profits alleged to have been made. It is shown that there has been a serious loss and no profit; and that there is no showing of damage suffered by respondents.

The opposing affidavits of Mr. Leeds and of Mr. Fowler so conclusively show the falsity of the allegations upon which this motion for increased security is based, that the Court will see that there is no merit in the application whatever. The application is based upon alleged profits, made by the Leeds & Catlin Company through the sale of the unpatented records. Not only has the Leeds & Catlin Company sold the unpatented records for legitimate uses, as elsewhere fully shown, but the effect of the injunction, notwithstanding the partial stay, and the malicious advertisements thereof by the respondents, have caused to the Leeds & Catlin Company a loss of about $100,000 on the records in question, for which it can have no redress whatever (Affidavits, Leeds, p. 3; Fowler, p. 15). There is no evidence whatever in the moving papers upon this motion from which the Court could conclude that the respondents have suffered any damage by reason of the partial stay of the injunction permitting the sale of the unpatented record, and Mr. Leeds, in his opposing affidavit (p. 4, par. Third) proves that the respondents have

in reality, suffered no damage. It being indisputable that the respondents are not entitled to additional security upon the ground of profits, since no profits have been made, the motion should be denied because of the entire absence of any ground in support of it. The bonds already filed, aggregating $21,000, are for an amount greatly in excess of any possible injury that can be sustained by the respondents in case they should succeed upon the final hearings in this Court under the two writs of *certiorari*. Should the Leeds & Catlin Company succeed upon *either* branch of the case, the respondents would have no claim under the bonds.

Respondents offer no evidence to show that the sales of records made by the Leeds & Catlin Company would have been made by them. On the other hand, Mr. Leeds shows, in his affidavit (p. 6, fol. 17), that machines and records manufactured by several companies are upon the market. Beyond a *mere allegation* of damage, respondents adduce no evidence whatever showing damage and the only recovery that could be had on account of damage, as distinguished from profit, would necessarily be nominal damages (*Force* v. *Sawyer Co.*, 143 Fed., 894, C. C. A.). The only statement of alleged damage in the moving papers is a bare conclusion, without any fact or showing whatever in support thereof, to the effect that Geissler "estimates" the damage at a ridiculous figure set forth. If, as stated in *Karfiol* v. *Rothner*, 151 Fed., 779, a bond staying an injunction pending appeal should be based solely upon the probable profits made by the defendant, it is established that the bonds already filed are excessive, since, pending appeal, the Leeds & Catlin Company has sustained a most grievous *loss* by reason of the injunction and the malicious advertisements thereof by respondents. It is clear that there is no evidence whatever be-

fore this Court upon which to say that the discretion of the Circuit Court should be reviewed or that any bond whatever should have been or should be required.

POINT FIVE.

During the partial stay of the injunction, the Leeds & Catlin Company has neither made nor sold any machine or article covered by the patent in suit; and has made and sold only an unpatented article, namely, a sound-record.

It is shown in the opposing affidavit of Mr. Leeds (p. 7) that the records sold by the Leeds & Catlin Company are not only unpatented articles, but that they have been sold for legitimate uses, uses which concededly are not infringements of the patent in suit, namely, for export, for use on "mechanical feed-device" machines, which belong to the prior art and are not covered by the patent, and for use in replacement, by way of repair, of broken or worn-out records sold with machines made under the patent in suit. The necessity for the partial stay of the injunction is apparent, because without such partial stay the Leeds & Catlin Company would have been obliged to do a legitimate business at its peril, since, if the Victor Company or any other purchaser of records from the Leeds & Catlin Company had made what the Court considered an infringing use thereof, the Leeds & Catlin Company would be liable to a motion to punish for contempt. The vigorous dissenting opinion of Judge Wallace in the Circuit Court of Appeals (T. No. 308, p. 94) upon this branch of the case will make

clear to this Court the anomalous situation in which the Leeds & Catlin Company has been placed, preventing it from dealing in an unpatented article which was known and used before the date of the invention of the patent in suit. The rule of infringement adopted by the majority opinion, as stated by Judge Wallace, "not only extends the monopoly of the patent owner to an unprecedented extent, but is subversive of the right of a purchaser of the patented thing (the machine of the patent) to realize its fair measure of usefulness by making necessary reparations or changes by way of improvement."

Judge Wallace, as this Court may remember, decided the *Morgan Envelope Company* case in the Circuit Court (40 Fed., 577), which was affirmed in this Court (152 U. S., 425) upon the authority especially of *Wilson* v. *Simpson* (9 How., 109).

Upon the question of damage, it may be asked, what possible damage can be caused to a patentee who has, as here, received the full amount of royalty to which he is entitled upon an unrestricted sale of the patented combination, because the purchaser, who has thereby acquired the unrestricted right to use the purchased, patented combination, free from the monopoly of the patent and the patent laws of the United States, chooses to employ upon it an unpatented sound record made by himself or another instead of the one made and sold by these respondents?

POINT SIX.

The question of the amount of the bond was fully argued and determined in the courts below.

The facts in support of this statement are fully stated in the opposing affidavit of Mr. Hicks,

wherein the consideration given to the matter by Judges Townsend and Lacombe and by the Circuit Court of Appeals is fully set forth, together with affidavits and exhibits relating thereto.

The question of the amount of the bonds was fully argued in the courts below, especially before Judge Townsend and before Judge Lacombe. All the circumstances of the case, none of which have changed, were fully presented and considered by the Circuit Court which was fully informed as to all the facts and entertained the gravest doubts upon the merits. Judge Lacombe stated that seven Judges out of ten would have rendered a different decision on the question of contempt. Judge Townsend entertained great doubt, expressed in his opinion, as to the expiration of the patent. Judge Wallace in the Circuit Court of Appeals was of opinion that claim 5, one of the two claims in suit, is invalid and that Judge Lacombe's decision on the point of infringement of claim 35 should be reversed. Judge Hough also believed that the decision of this Court in the *Morgan Envelope Company* case, properly construed, would uphold Judge Wallace's opinion, but felt bound to follow certain more recent decisions of the Circuit Court of Appeals (Affidavit, Hicks, p. 17).

In the Circuit Court of Appeals, the question of the sufficiency of the security, pending the review by this Court, was raised by affidavit (Hicks, p. 25, fol. 74), and by brief (p. 27, fol. 81), and the Circuit Court of Appeals refused to permit its mandate to issue in order that the partial stay should continue in force until the final decision of this Court upon the important questions involved (p. 23).

POINT SEVEN.

Under the two writs of certiorari issued by this Court to review the decrees or judgments of the Court below in both the injunction and the contempt proceeding the Leeds & Catlin Company is clearly entitled to succeed upon the merits, and has, therefore, the legal right to sell the unpatented sound-record because the patent in suit is invalid and has expired and because the manufacture and sale of the unpatented record cannot, under the decisions of this Court, be held an infringement of the patent.

If this Court, departing from the well-settled rule established by its uniform decisions, by Equity Rule 93, and by section 7 of the Act of March 3, 1891, as pointed out, *supra*, under Points One and Two of this brief, is to entertain this motion and to enter upon a consideration of the question as to whether any bond at all should be required as a condition of the partial stay of the injunction pending the decision of this Court on the merits under the two writs of *certiorari*, and if a bond should be required, what the proper amount of the bond should be, then obviously an examination of the merits is necessary. The Circuit Court acted with full knowledge of the facts and with grave doubt upon the questions of law involved. This Court has emphasized the doubt and importance of the questions of law involved by the granting of the two petitions for writs of *certiorari*. By reason of the injunction the Leeds & Catlin Com-

pany has suffered irreparable injury and that injury should not be increased to any extent unless the reason and necessity therefor are clear. It is respectfully submitted that if this Court is to entertain this motion, and will consider the merits of the case in so doing, it will appear from a reading of the petitions and briefs in support thereof upon the applications for the two writs of *certiorari,* which were numbered 742 and 743, of the October term, 1906, that the patent in suit is invalid and has expired and that the bill of complaint should have been dismissed by the Circuit Court; and, further, that Judge Wallace's view in the Circuit Court of Appeals on the contempt proceeding was the correct view, and that Judge Lacombe should have denied the motion to punish for contempt. Such being the case no bond whatever should have been required and certainly no increase in the bonds should be required at the present time. The Court should rather, if consistent with its practice, permit the Leeds & Catlin Company to argue both branches of the case during the month of April, 1908, and thus obtain, from this Court, decisions which will finally settle the questions at issue.

POINT EIGHT.

To grant this motion would give to the patentees the benefit of a patent upon the unpatented sound-record, contrary to the clear holding of this Court in the Morgan Envelope Company case (152 U. S., 425, 432), following Wilson v. Simpson, 9 How. 109,

125, that such result is not to be permitted.

This matter has been so fully discussed in the petition for writ of certiorari in the contempt proceeding and in the brief thereto annexed, that the Court is respectfully requested to refer to the same, should it be of opinion that this motion should be entertained and the merits of the case inquired into.

POINT NINE.

The Leeds & Catlin Company is financially responsible, having fixed assets amply securing the respondents. The working capital of the company should not under the circumstances of this case and at this period of financial stringency be further tied up, since such action would force a suspension of the business of the company and result in irreparable injury for which no redress whatever can be had.

The financial responsibility of the Leeds & Catlin Company is fully shown by the opposing affidavits of Mr. Leeds (p. 8) and of Mr. Fowler (p. 15). There is no showing to the contrary, the vague allegations of the moving papers being unworthy of consideration. The respondents complain principally of sales of records made by R. H. Macy & Co. of New York City, a corporation whose responsibility is the very highest, and thus respondents

have not only the financial responsibility of the Leeds & Catlin Company, but also that of R. H. Macy & Co. (Affidavit, Leeds, p. 11, fol. 33).

POINT TEN.

Judge Townsend in the Circuit Court denied a motion to increase the bond of $10,000 given to suspend entirely the decree for injunction pending appeal in the injunction suit.

A copy of Judge Townsend's order denying such motion is annexed, at page 22, to the affidavit of Mr. Hicks, who explains that the motion was at once denied by the Circuit Judge who was familiar with the case (Affidavit, Hicks, p. 18, fol. 54).

CONCLUSION.

The motion should be denied and, should the practice of this Court permit, the Leeds & Catlin Company requests that a hearing on the merits upon both branches of the case be had in April of this year.

It is respectfully submitted, for the reasons stated, that the motion should be denied. If, in the judgment of the Court, the two branches of the case can be set for argument in April, 1908, to the end that an early decision may with certainty be

had, such disposition would be heartily welcomed by the Leeds & Catlin Company, since it has suffered irreparable injury through the pendency of these proceedings.

Dated New York, February 24, 1908.

LOUIS HICKS,
Counsel for Leeds & Catlin Company,
Petitioner.

Supreme Court of the United States.

1

LEEDS & CATLIN COMPANY, Petitioner, vs. VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	October Term, 1907. Nos. 307 and 308.

State and County of New York, ss.:

EDWARD F. LEEDS, being duly sworn, says: I am 2
president of Leeds & Catlin Company, petitioner above named, and have been president thereof since its organization and incorporation in June, 1899. I have read the petition and affidavits of the respondents upon their motion for additional security and to my knowledge the allegations of fact, upon which the petition is based, are false and untrue. Indeed, the said allegations are so entirely false and untrue that it is not possible to believe that the petition is made in good faith. The allegations of the petition and affidavits in support thereof are based upon surmise and conjecture. The facts are contrary and the Leeds & Catlin Company 3
is fortunately in a position to make this clear to the Court as follows:

FIRST.—The Leeds & Catlin Company was organized and incorporated in June, 1899. The business of the company consisted in making and selling sound records. The Victor Talking Machine Company was not incorporated until about October 5,

1901, more than two years after the incorporation and organization of the Leeds & Catlin Company. The United States Gramophone Company has never, so far as I am aware, been known in the talking machine business. The allegations of the petition and affidavits in support thereof, to the effect that the Leeds & Catlin Company has sold its goods on the strength of the Victor Talking Machine Company's advertisements and reputation is entirely false and untrue. The Leeds & Catlin Company was well known in the trade and had acquired a high standing and reputation before the Victor Talking Machine Company came into existence. Moreover, the talking machine business was exploited in the United States and, indeed, in the world by the North American Phonograph Company, which was incorporated in August, 1888, and which continued in business until the sale of its assets to Thomas A. Edison in February, 1896. I was associated with the North American Phonograph Company in the exploitation of the phonograph business, acting in various capacities, and about the year 1892 I developed the record making and selling part of the business of the North American Phonograph Company. In 1896 I was a partner in the firm of Walcutt and Leeds, record makers, at 53 East Eleventh street, New York, the present place of business of the Leeds & Catlin Company. In December, 1897, I was interested in the incorporation of Walcutt & Leeds, Limited, a record making corporation, and in June, 1899, I caused the incorporation of the Leeds & Catlin Company. Before the incorporation of the Leeds & Catlin Company sound records made by me had acquired a reputation throughout the United States, and the Leeds & Catlin Company has done business in my sound records of the disc and cylindrical type upon the basis of the reputation which I had acquired during the many years of my experience, having been, as above shown, a pioneer in the record mak-

ing art. The truth is that the business of the Leeds & Catlin Company is independent of the business, advertisements and reputation of the Victor Company. The principal record maker, Mr. English, of the Victor Company, was in my employ as an assistant in making records, several years before the Victor Company was organized. 7

SECOND.—It is alleged in the petition and affidavits in support thereof upon this motion that the Leeds & Catlin Company has already made a profit of $111,023.60 upon the sale of disc records under the stay of the injunction. This allegation forms the basis of the petition. The allegation is made in the petition and in the affidavits without any foundation whatever. The allegation is false. The fact is that the injunction, notwithstanding the stay, has prevented the Leeds & Catlin Company from making and selling disc sound records at a profit and the Leeds & Catlin Company has, during the period of the stay of the injunction, and by reason of the effect of the injunction, suffered a loss in the sale of its disc sound records amounting to nearly $100,000. The 555,118 records mentioned in the petition and moving affidavits were sold at an average price of seventeen and one-half cents (17½c.) each or for a total of $97,145.15. The expenses of the Leeds & Catlin Company in the making and selling of said records have been over thirty-four cents (34c.) each or a total of $193,067.79, showing a loss of about seventeen cents (17c.) upon each record or a total loss of $95,922.64. This loss has compelled the stockholders of the Leeds & Catlin Company to supply for the needs of the company during the period of said stay of the injunction more than $150,000 in cash. The disc sound record which the Leeds & Catlin Company has manufactured and sold is concededly an unpatented article and the Leeds & Catlin Company has been compelled to 8 9

suffer this great loss in order that the large investment made in its plant and business may not be destroyed by reason of the injunction in question. The Victor Talking Machine Company is responsible for the loss sustained by the Leeds & Catlin Company in its business, because, notwithstanding the stay of the injunction, it has sent threatening telegrams and letters to the customers of the Leeds & Catlin Company, omitting to state that the injunction had been stayed and omitting to state that this Honorable Court has granted its two writs of certiorari to review the decisions of the courts below. For this loss caused to the Leeds & Catlin Company by reason of the injunction and by reason of the threats and advertisements by the Victor Company to the trade thereof, the Leeds & Catlin Company has no redress whatever in case this Court, upon review under the two writs of certiorari, holds either that the patent has expired or is invalid or that the selling of an unpatented article is not an infringement of a patent for a machine adapted to reproduce sound from the unpatented article, namely, the sound record.

THIRD.—The basis of this petition for additional security is the false allegation that Leeds & Catlin Company has made a profit instead of a loss in the sale of its sound records during the period of the stay of the injunction. The petition and affidavits in support thereof make vague allegations to the effect that the Victor Company has sustained damage by reason of the sales of sound records by the Leeds & Catlin Company. No proof of damage whatever is produced. It is alleged that the sales of records by the Victor Company has decreased, but the facts and figures to prove this are not set forth. It is alleged that the loss of sales by the Victor Company is due to the continued sales by the Leeds & Catlin Company, but such conclusion is impossible because the sales of the Leeds & Cat-

lin Company have decreased by reason of the in- 13
junction, and if there were any logical connection between the sales by the Leeds & Catlin Company and the sales by the Victor Company, the sales by the Victor Company would have increased. Furthermore, two record making companies, the American Record Company and the International Record Company, each of which was engaged in selling disc sound records like those sold by the Victor Company, have ceased to do business since the granting of the injunction in this case against the Leeds & Catlin Company. The American and the National Companies were enjoined from making such records under the Jones patent, the same pat- 14
ent under which the Victor Company was enjoined from making such records and at the suit of the American Graphophone Company the American Record Company went out of business subsequent to January 14, 1907, and the International Record Company went out of business subsequent to June 11, 1907. If the conclusion of the Victor Company upon this motion be sound in regard to its alleged damages, it would follow that the Victor Company's sales of records would have increased by reason of the cessation of sales of records by the International and the American Record Companies. The Victor Company, however, alleges that its sales have decreased. Furthermore, there is no showing 15
in the petition or the moving affidavits as to what possible damage the Victor Company can suffer by reason of the sales of unpatented records by the Leeds & Catlin Company. The Victor Company makes and sells its records under the Jones patent owned by the American Graphophone Company and not under the Berliner patent here in suit, which has no claim whatever covering a sound record. There is nothing to show the cost to the Victor Company of the making of its sound records, nor the royalty which it pays to the Ameri-

16 can Graphophone Company under the Jones patent for the making of its sound records, nor the profit, if any, which the Victor Company makes upon the sale of its records, nor is there anything to show that the sound records sold by defendant have ever been used during the stay of the injunction in infringement of the patent in suit. As stated upon the label upon defendant's sound records, they have been sold for use on mechanical feed device machines, which concededly are not within the claims of the patent in suit and for replacement of any broken or worn out record upon a machine sold by the Victor Company or its licensees under the pat-
17 ent in suit. The right to sell sound records for repair of a patented combination is undeniable and has not been enjoined. Defendant company is engaged in the manufacture of mechanical feed machines and has closed a contract to sell 5,000 such machines, together with its disc sound records. Other companies have been putting upon the market mechanical feed machines employing disc sound records. The American Graphophone Company is a competitor of the Victor Company and owns and controls the patent under which the Victor Company makes its disc sound records, and the American Graphophone Company manufactures and sells machines employing disc sound records. It is as
18 probable that the Leeds & Catlin Company's records have been employed on machines of the American Graphophone Company and all other companies as it is that they have been employed upon machines of the Victor Company. The fact is that the Victor Company has in no way been damaged by the sales of unpatented records made by the Leeds & Catlin Company and this undoubtedly is the reason why the petition and moving affidavits in support thereof present no proof whatever of damage.

FOURTH.—It is not charged in the petition or 19
moving affidavits in support thereof that the Leeds & Catlin Company has made or sold, during the stay of the injunction, the sound reproducing machine of the patent in suit. The fact is that the Leeds & Catlin Company has never manufactured any such machine and the injunction was issued against the Leeds & Catlin Company solely upon the basis of a single machine sold by the Leeds & Catlin Company which it had received, together with a few others, from the manufacturer thereof in part settlement of an account. It is charged only that the Leeds & Catlin Company has made and sold unpatented sound records. As stated 20
upon the label affixed to each sound record sold by the Leeds & Catlin Company during the stay of the injunction, said records have been sold for use on mechanical feed machines, which concededly are not an infringement of the patent in suit, but belong to the prior art and for use in replacement of any worn out or broken record of any machine upon the market not made in infringement of the patent in suit. Such label is worded in accordance with the order of Judge Lacombe staying the injunction (T. No. 308, p. 77), except that the Leeds & Catlin Company restricts the use of its records, as aforesaid, while the permission granted by Judge Lacombe was broadly to sell the records for use 21
upon any machine licensed under the patent in suit which had been sold, together with a sound record. Pending the determination of the questions involved upon this appeal, the Leeds & Catlin Company has taken the utmost precaution to confine its business to what was concededly not in violation of the Berliner patent in suit. The stay of the injunction was necessary, however, to enable the Leeds & Catlin Company to make and sell unpatented disc sound records according to its conceded right without running the risk of being in contempt

of court because some of the records made and sold might be used upon machines sold by the Victor Company. In other words, the injunction had been interpreted so as to compel the Leeds & Catlin Company to do a business in an unpatented article at its peril. Upon this motion I understand the Victor Company to contend that it is entitled to recover all profits and damages accruing from the sale and use of an article not covered by the patent in suit.

FIFTH.—Leeds & Catlin Company has, as shown in the petition, filed bonds aggregating $21,000, to secure the respondents. Such security was, I am informed by counsel for Leeds & Catlin Company, regarded by the Circuit Court as amply sufficient. The Leeds & Catlin Company is financially responsible and will continue to be so unless its assets are destroyed by the injunction in this suit and the action of the respondents in advertising the injunction to the trade and threatening the business of the Leeds & Catlin Company without explaining to the trade the condition of the litigation and the limit of the injunction. The Leeds & Catlin Company has real estate consisting of land and buildings at Middletown, Conn., of the fair value of $375,000. It has machinery and a plant at the Middletown factory of the fair value of $500,000. It has machinery in New York of the value of over $70,000. It has merchandise and accounts receivable, according to its last statement, of over $77,000. It owns patents and patent rights having a high valuation. It will be seen that the assets of the company are of a fixed nature and that the allegations of the petition and moving affidavits in support thereof, to the effect that the Leeds & Catlin Company has an inexpensive plant, is subject to small expense, has nothing to lose in this litigation, is dividing profits (which it never made) to escape liability, is preparing to flood the market

with records alleged to be infringing (but which 25
are unpatented) and is not financially responsible, are false and reckless allegations made without foundation or regard to truth.

SIXTH.—As above shown, the Leeds & Catlin Company is financially responsible and ample security has already been given to secure respondents. To require the Leeds & Catlin Company, during the present period of financial stress, to furnish additional security would result in disaster to the company and to its stockholders, who have already paid out so many thousands of dollars to keep the company in business before the public pending the decision of this Honorable Court upon 26
the questions involved. The talking machine companies generally have felt the stress of the present financial conditions and some of the largest and most responsible have been obliged to discontinue the manufacture of goods because of inability to secure cash with which to carry on their manufacture and operations. The Leeds & Catlin Company believes that upon the merits of the two branches of this case now before this Honorable Court for review under its two writs of certiorari, the patent in suit has expired and is invalid and that the bill of complaint will be dismissed, and, furthermore, that it will be held that the sale of the unpat- 27
ented sound record is not an infringement of the claim for the sound reproducing machine of the patent in suit; and that the greatest injustice has been done to the Leeds & Catlin Company by reason of the injunction and the manner in which the Victor Compay has, through advertising, pending the stay and pending the decision of this Honorable Court under the writs of certiorari, endeavored, before a final decision can be reached, to destroy utterly the assets and business of the Leeds & Catlin Company. Indeed, the object of this motion is to set aside the stay by requiring the Leeds

& Catlin Company, in the present financial stringency, to furnish additional security.

SEVENTH.—There are a few other misleading and false allegations set forth in the petition and affidavits in support thereof, of which notice should be taken, for they are clearly intended to mislead the Court and thereby prejudice the Court against the Leeds & Catlin Company. In the affidavit of Royal, for instance, it is alleged that the records of the Leeds & Catlin Company are like the "legitimate records," thereby implying imitation. The truth is that the patent in suit has no claim for a sound record and no sound record upon the market is made under the patent in suit. The Victor Company made its records in infringement of the Jones patent of the American Graphophone Company. The Leeds & Catlin Company makes its records according to a process constituting an invention not infringing upon or within the scope of any patent now in force, a process radically different from the process of the Jones patent employed by the Victor Company. In the affidavit of Geissler a similar attempt is made to misrepresent and to lead the Court to believe that the Leeds & Catlin Company is engaged in counterfeiting records of other concerns. It is true that the Leeds & Catlin Company has copied records made in Paris, France, by one who was formerly a partner of deponent, but it is not true that the Leeds & Catlin Company has ever copied a record made by a concern or person doing business in the United States. There is no allegation to the effect that the Leeds & Catlin Company ever copied a record made by the Victor Company and it will be clear to the Court that the false and misleading allegations of the petition and affidavits in support thereof are intended to mislead the Court, and to prejudice the Court against a defendant that has con-

ducted its business as an honorable and responsible manufacturer. Throughout the petition and moving affidavits the language is framed so as to lead the Court to believe that sound records are made in accordance with the claims of the patent in suit. As in other instances, the language employed is artful. As shown, no sound records are made in accordance with the patent in suit. 31

EIGHTH.—It is attempted by the petition and affidavits in support thereof to assign a cash value of $800,000 to the patent in suit. It appears from the testimony given by Charles K. Haddon, Treasurer of the Victor Talking Machine Company, in the suit of these respondents against the American Graphophone Company, that the Berliner Gramophone Company sold the right to operate under its patents to the Victor Company for 8,000 shares of stock. The Berliner patents were many in number and concededly many of the claims of the patent in suit have expired by reason of the expiration of prior foreign patents for the same invention, this being one of the grounds upon which the Leeds & Catlin Company contends that the patent in suit expired before this suit was begun and that the bill should have been dismissed by the Circuit Court. 32

NINTH.—The principal ground of complaint set forth in the petition and affidavits in support thereof seems to be the sale of records by R. H. Macy & Co., of New York City, a most responsible company. In the responsibility of R. H. Macy & Co. the respondents have the best possible security, should they eventually succeed, for all records of the Leeds & Catlin Company sold by R. H. Macy & Co. in infringement of any right of the respondents under the patent in suit. R. H. Macy & Co. purchase and sell talking machines and records of all kinds. 33

34 TENTH.—It will be seen from Exhibit A, annexed to Kennedy's affidavit in support of the petition, that in accordance with the label upon each of the Leeds & Catlin Company's records, the "record is sold for use on all *mechanical feed machines* and upon all licensed Victor, Columbia and Zonophone machines and all other machines licensed under U. S. patent No. 534,543, *in replacement of any worn out or broken record thereof.* Any other use of this record will be a violation of the conditions under which it is sold and an infringement." Judge Lacombe stayed the decree and injunction (T. No. 308, p. 77) "in so far as the same have been con-
35 strued by this Court on the motion for contempt to enjoin and restrain defendant from selling disc sound records for use in the United States upon machines sold by complainants and their licensees, together with disc sound records." The label of the Leeds & Catlin Company is in accordance with the stay, except, as above stated, that the language of the stay permits a wider use of the record than does the restriction upon the label. The use of a record in accordance with the restriction upon the label would not, under Judge Lacombe's decision, be an infringement of the patent in suit. The notice upon the label is absolutely necessary to enable the Leeds & Catlin Company to
36 sell the unpatented record without running the risk of being charged with contempt upon the ground that someone who has not purchased a machine and record from the Victor Company or its licensees has constructed a machine infringing on the patent in suit and purchased from the Leeds & Catlin Company a record for use thereon. It is because of the necessity of the situation and in order to keep within the decision of the Court that the Leeds & Catlin Company has been obliged to sell its records in accordance with the restrictions of the label attached thereto. The allegations of

the petition and moving affidavits to the effect that 37
the statements upon the label, in accordance with which the records are sold, is misleading or is intended to mislead, are thus clearly shown to be untrue. They are statements of what the Leeds & Catlin Company concededly has the right to do and they are statements rendered necessary to protect the Leeds & Catlin Company from the unceasing endeavors of the Victor Company to entrap it in proceedings for contempt and to crush and destroy its business.

ELEVENTH.—With reference to the allegations of the petition that the records of the Leeds & Cat- 38
lin Company are inferior, while it is difficult to see what materiality this allegation has upon the motion, deponent feels it his duty to point out to the Court that the allegations are untrue. The process by which the Leeds & Catlin Company manufactures its sound records is superior to that employed by the Victor Company or any other record making company in the United States and tests made show that the records of the Leeds & Catlin Company are the equal and probably the superior of other records upon the market. The records of the Leeds & Catlin Company have acquired a high reputation for excellence and thou- 39
sands of records of the Leeds & Catlin Company have been sold for use in foreign countries, a part of the business of the Leeds & Catlin Company which the Circuit Court of Appeals considered could not involve any infringement of the patent in suit. Judge Hough in the Circuit Court of Appeals said (T. No. 308, p. 92), "the foreign trade of the plaintiff in error is not interfered with by the injunction nor affected by the order under review."

TWELFTH.—In conclusion, the Leeds & Catlin Company and its stockholders are most anxious

for an early decision by this Honorable Court of the important questions involved in the two branches of the suit now before th Court under the two writs of certiorari. The Leeds & Catlin Company hereby consents, should the Court be so advised, that both branches of the suit be advanced and set for hearing in April of this year.

EDWARD F. LEEDS.

Subscribed and sworn to before me this 20th day of February, 1908.

FRANK Z. DEMAREST,
[NOTARY'S SEAL.] Notary Public,
New York County, N. Y.

SUPREME COURT OF THE UNITED STATES.

LEEDS & CATLIN COMPANY, Petitioner, vs. VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	October Term, 1907. Nos. 307 and 308.

State and County of New York, ss.:

CHARLES T. FOWLER, being duly sworn, says: I am an accountant and bookkeeper employed by the Leeds & Catlin Company. It has been my duty to examine the books of the company and to report therefrom as to the assets of the company, sales of sound records, receipts from such sales and expenses of manufacture, marketing and selling said sound records.

I am familiar with the sales of sound records made by the Leeds & Catlin Company during the

period of stay of the injunction herein. Said sound 43
records were sold at an average price of about 17½c. each. The total receipts from the sale of said sound records within the United States during the period of said stay, from January 11, 1907, to January 31, 1908, amounted to $97,145.15. The cost to the Leeds & Catlin Company of making, marketing and selling said sound records was over 34c. each, and the total cost was $193,067.79, or about $95,922.64 in excess of the amount received by the Leeds & Catlin Company upon the sale thereof. As appears from the foregoing statement, the Leeds & Catlin Company has sustained a loss of nearly $100,000 in the making and selling of 44
disc sound records during said period of said stay.

The great loss sustained by the Leeds & Catlin Company in the making and selling of said sound records has been due to the injunction granted in this suit and to the advertising of the said injunction by the Victor Talking Machine Company, accompanied by threats and without mention of the fact that the said injunction had been stayed and that this court issued its two writs of certiorari to review the decisions of the courts below with reference to the validity and expiration of the patent in suit and with reference to the right of the Leeds & Catlin Company to sell the unpatented sound record. 45

By reason of the loss aforesaid sustained by the Leeds & Catlin Company in the making and selling of said sound records within the United States during the period of said stay, the stockholders of the company have been obliged to pay into the company over $150,000 in cash to prevent the total loss of the business of the company and the destruction of its assets before a decision is had by this Honorable Court upon the questions to be reviewed under the said two writs of certiorari.

The Leeds & Catlin Company has real estate consisting of land and factory buildings thereon at

46 Middletown, Conn., having a value of $375,000. The machinery and plant of the company in said buildings are valued at over $500,000. The machinery of the company in New York has a fair value of over $70,000. It has merchandise and accounts receivable of over $77,000. It owns patents and patent rights of great value. As will be seen from the foregoing statement, the assets of the company are principally fixed assets, offering ample security for the payment of the obligations of the company.

I have read the annexed affidavit of Edward F. Leeds, president of Leeds & Catlin Company, and the facts therein set forth are true according to the
47 information and knowledge which I have derived from the books of the company.

The records sold by the Leeds & Catlin Company during the period of said stay have been sold subject to the restriction set forth upon the label attached thereto, that the said records should be used upon mechanical feed-device machines or in replacement of broken or worn out records of machines sold and licensed under the patent in suit.

In view of the present financial stringency, of the great loss sustained by the Leeds & Catlin Company by reason of the injunction and the advertisement thereof and threats to the trade made by the Victor Company, a requirement by this court of an
48 increase of the bonds already filed, aggregating $21,000, would result in such serious embarrassment to the Leeds & Catlin Company that its business and assets, of great value, as above shown, would be lost and almost destroyed before a decision is had from this court upon the questions brought up for review under the two writs of certiorari.

CHARLES T. FOWLER.

Subscribed and sworn to before me
this 20th day of February, 1908.

FRANK Z. DEMAREST,
Notary Public,
[NOTARY'S SEAL.] New York County, N. Y.

LEEDS & CATLIN COMPANY, Petitioner, vs. VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY, Respondents.	October Term, 1907. Nos. 307 and 308.

State and County of New York, ss.: 50

LOUIS HICKS, being duly sworn, says: I am a member of the bar of this Honorable Court and am counsel for the Leeds & Catlin Company in both branches of this suit now before this court under its two writs of certiorari granted May 27, 1907.

Three bonds for $10,000, $10,000 and $1,000 respectively were fixed by the Circuit Court of the United States for the Southern District of New York by Judges Townsend and Lacombe, who respectively rendered the decisions in the Circuit Court in the injunction and in the contempt proceedings now before this court for review. The bonds were fixed by Judges Townsend and Lacombe 51
after full argument as to the amount sufficient to indemnify respondents during the respective stays of the injunction. Judges Townsend and Lacombe were fully acquainted with the merits of the case and with all the facts thereof. Both Judge Townsend and Judge Lacombe were in great doubt, as appears from their opinions (T. No. 307, p. 327; T. No. 308, p. 74), and each of the learned judges stated in his opinion that there should be a stay pending appeal. In the Circuit Court of Appeals Judge Wallace, dissenting from the prevailing opinion written by Judge Hough, with whom Judge

52 Coxe concurred (T. No. 308, p. 94), stated that, in his opinion, claim 5, one of the two claims in suit, was invalid as covering merely the function of a machine, and (p. 95) that the "rule of infringement adopted by the majority opinion not only extends the monopoly of the patent owner to an unprecedented extent, but is subversive of the right of a purchaser of the patented thing to realize its fair measure of usefulness by making necessary reparations or changes by way of improvement."

The injunction originally granted by Judge Townsend and stayed pending appeal (T. No. 307, p. 330) was based upon the sale of a single machine
53 which the Leeds & Catlin Company had taken from a manufacturer in part settlement of an account. The Leeds & Catlin Company had never manufactured an infringing machine. Judge Townsend carefully considered the question of requiring any security as a condition of the stay pending appeal from the decree for injunction. He was thoroughly familiar with the facts, and affidavits were presented to him with reference to the amount of the bond, if any, to be required. Upon consideration, Judge Townsend in May fixed the amount of the bond at $10,000, which was filed. Thereafter, it appearing that the appeal could not be argued in the Circuit Court of Appeals until the following
54 October Term, counsel for respondents moved before Judge Townsend for an order increasing the bond, and Judge Townsend, being aware of the fact that the Leeds & Catlin Company was not engaged in the manufacture or sale of machines embodying the invention of the patent in suit, but merely in the manufacture and sale of unpatented sound records, at once denied the motion by an order signed June 8, 1906, a copy of which is hereto annexed.

When Judge Lacombe held on the contempt motion that the selling of the unpatented sound record for use in replacing the sound record forming

an element of claim 35 of the patent in suit was an 55
infringement, he stated, upon the settlement of the
order, that seven judges out of ten would have de-
nied the motion of the respondents and would have
obliged the respondents to litigate the question,
which had never previously been decided, by a new
suit. Judge Lacombe also stated that in view of
the authorities the question was one of great doubt
and not only did he state in his opinion that the
collection of the fine should be stayed pending ap-
peal, but upon motion of deponent, as counsel for
the Leeds & Catlin Company, Judge Lacombe at
once granted an order suspending the decree for
injunction in so far as it had been interpreted by 56
him to restrain the Leeds & Catlin Company from
selling records for use upon machines of the patent
in suit which had been sold, combined with rec-
ords, by the respondents or their licensees. De-
ponent, as counsel for the Leeds & Catlin Com-
pany, offered to file a bond as a condition of the
suspension of the injunction, and Judge Lacombe
held that a bond in the sum of $10,000 would be
sufficient security to the respondents pending ap-
peal. The order thus partially staying the injunc-
tion (T. No. 308, p. 77) was drawn so as to cover
the period of appeal both to the Circuit Court of
Appeals and to the Supreme Court of the United
States, should the Supreme Court be of opinion 57
that the decision of the Circuit Court of Appeals
should be reviewed by writ of certiorari. For this
reason no limitation of the appeal as an appeal to
the Circuit Court of Appeals was inserted in the
order, the intention of deponent at the time of the
drawing of the order being to bring the question
before the Supreme Court of the United States in
the event of an unfavorable decision by the Circuit
Court of Appeals. There has been no change in
the circumstances of the case and no change in the
sufficiency of the surety since Judge Lacombe, in

58 the exercise of his discretion, fixed the bond at $10,000.

In the Circuit Court of Appeals the same doubt existed upon the question of law that existed in the mind of Judge Lacombe in the Circuit Court. Judge Wallace dissented, as above stated. Judge Coxe stated that the question was one much discussed, and Judge Hough, who wrote the prevailing opinion, stated to deponent in conversation that, in his opinion, there was a probability that the Supreme Court would reverse the decision of the Circuit Court of Appeals under the decision of the Supreme Court in the *Morgan Envelope Company* case (152 U. S., 425), affirming Judge Wal-
59 lace's opinion (40 Fed., 577), but that he, Judge Hough, had felt obliged to follow certain later decisions of the Circuit Court of Appeals which seemed to limit the decision of the Supreme Court in the Morgan Envelope Company case. Such being the attitude of the Judges who decided the case in Circuit Court and in the Circuit Court of Appeals, Judges Hough and Coxe at once granted deponent's motion, as counsel for the Leeds & Catlin Company, to have the order of affirmance entered before the expiration of the usual ten days and also granting deponent's motion for a stay of the mandate until the Supreme Court should pass
60 upon deponent's application for the two writs of certiorari. Copies of the affidavit and memorandum submitted by deponent to the Circuit Court of Appeals upon said motion for a stay of the mandate and of the order granting the stay of the mandate are hereto annexed. It was set forth that a bond of $10,000 had been filed in the Circuit Court as a condition of the stay and that such bond was ample security. Mr. Pettit, counsel for the respondents, opposed deponent's effort to secure the entry of an order of affirmance in time to enable him to make the application for writ of certiorari

before the adjournment of the Supreme Court and opposed deponent's motion for a stay of the mandate, but in such opposition he was unsuccessful, and the two petitions for writs of certiorari being presented to this Honorable Court on May 13, 1907, with extraordinary diligence, were both granted on May 27, 1907. 61

It thus appears that the question of the sufficiency of a bond to secure respondents for the sale by the Leeds & Catlin Company of the unpatented records was considered and passed upon by Judge Townsend and then by Judge Lacombe, and was before the Circuit Court of Appeals, and no circumstance has arisen since the action of the learned Judges of the courts below to change the circumstances of the case, it being apparent that when the amount of the security was fixed in the Circuit Court it was intended to cover the entire period of the appeal, which period related entirely to the future. 62

I have read the annexed affidavits of Edward F. Leeds, president of the Leeds & Catlin Company, and of Charles T. Fowler, bookkeeper and accountant thereof, and I believe the statements made by them in their said affidavits to be true. I have read the allegations of the petition and affidavits in support thereof upon this motion and to my knowledge, as fully shown by Mr. Leeds, the said allegations are false and misleading. The Leeds & Catlin Company has sustained a heavy loss by reason of the injunction and during the period of the stay thereof, and respondents make no showing whatever that they have suffered any damages by reason of the partial stay of the injunction, and from my knowledge of the facts I believe that respondents have not and could not have suffered any damage whatever from the partial stay of the in- 63

64 junction, pending the decision of this Court under the two writs of certiorari.

LOUIS HICKS.

Subscribed and sworn to before me this 20th day of February, 1908.

FRANK Z. DEMAREST,
[NOTARY'S SEAL.] Notary Public,
New York County, N. Y.

IN THE
CIRCUIT COURT OF THE UNITED STATES,
65 SOUTHERN DISTRICT OF NEW YORK.
In Equity, No. 8797.

VICTOR TALKING MACHINE COMPANY *et al.*,
Complainants,

vs.

LEEDS & CATLIN COMPANY,
Defendant.

66 Ordered, this eighth day of June, 1906, that the motion for increase of bonds over and above the amount fixed by the order of this Court of May 2, 1906, is hereby denied.

WM. K. TOWNSEND,
United States Circuit Judge.

Aproved as to form.

LOUIS HICKS,
Solicitor for Defendant.

May 31, 1906.

HORACE PETTIT,
Counsel for Complainants.

Filed June 11, 1906.

At a Stated Term of the United States Circuit Court of Appeals, in and for the Second Circuit, held at the Court Rooms in the Post Office Building in the City of New York on the 8th day of May, one thousand nine hundred and seven. 67

Present—Hon. WILLIAM J. WALLACE,
Hon. ALFRED C. COXE,
Circuit Judges.
Hon. CHARLES M. HOUGH,
District Judge.

68

LEEDS & CATLIN COMPANY,
Plaintiff-in-Error,

AGAINST

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY,
Defendants-in-Error.

Order staying Mandate.

It appearing from the annexed affidavit of Louis Hicks, counsel for plaintiff-in-error, that plaintiff-in-error has served notice of the presentation to the Supreme Court of the United States of a petition for writ of certiorari to review the judgment finding the plaintiff-in-error in contempt, which judgment has been affirmed by this court; now, on motion of Louis Hicks, counsel for plaintiff-in-error, it is 69

Ordered that the issue of the mandate under said order of affirmance be, and the same hereby is, stayed until May 29, 1907.

A. C. C.

70 UNITED STATES CIRCUIT COURT OF APPEALS,

FOR THE SECOND CIRCUIT.

LEEDS & CATLIN COMPANY,
Plaintiff-in-Error,

vs.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COMPANY,
71 Defendants-in-Error.

State and County of New York, ss.:

LOUIS HICKS, being duly sworn, says: He is solicitor and counsel for plaintiff-in-error. By a divided court the judgment of the Circuit Court finding plaintiff-in-error in contempt of the preliminary injunction in this suit has been affirmed by this court. Plaintiff-in-error has served upon solicitors for defendants-in-error notices of applications to be made to the Supreme Court of the United States on May 13, 1907, for writs of certiorari to review the judgment finding the plaintiff-in-error in con-
72 tempt, as well as the decree for preliminary injunction. Deponent has been informed by the clerk of the Supreme Court of the United States that if a petition for writ of certiorari be presented on May 13, 1907, a decision upon the application for the writ will be rendered on May 27, 1907, and that the Supreme Court will adjourn on May 27, 1907, until the fall and will not sit between May 13, 1907, and May 27, 1907. Should the application for writ of certiorari to review the judgment finding plaintiff-in-error in contempt be denied, then, of course, execution should issue to collect the pen-

alty imposed and the stay of the preliminary in- 73
junction made by the Circuit Court so as to permit plaintiff-in-error to sell sound records for use in the United States upon the machines sold by defendants-in-error and the licensees should be vacated; but, should the Supreme Court be of the opinion that the decision of this court affirming the judgment finding defendant in contempt should be certified to the Supreme Court for review by the Supreme Court, in such case the ends of justice require that the mandate of this court do not issue until the decision of the Supreme Court, and that the stays mentioned continue until the Supreme Court has rendered its decision. Should the Su- 74
preme Court grant the writ of certiorari, and reverse the decision of this court, plaintiff-in-error would be entirely without remedy if the fine had been collected and plaintiff-in-error had been prevented in the meantime from making and selling its disc sound-records. Ample security pending the stay, in the sum of $10,000, has been filed by plaintiff-in-error. Wherefore, deponent, on behalf of plaintiff-in-error, requests the entry of the annexed order.

LOUIS HICKS.

Subscribed and sworn to before me
this 6th day of May, 1907.
FRANK Z. DEMAREST, 75
Notary Public,
[NOTARY'S SEAL] New York Co.

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UNITED STATES CIRCUIT COURT OF APPEALS,

SECOND CIRCUIT.

LEEDS & CATLIN COMPANY,
Plaintiff in Error,

vs.

VICTOR TALKING MACHINE COMPANY and UNITED STATES GRAMOPHONE COM-
77 PANY,
Defendants in Error.

MEMORANDUM ON BEHALF OF PLAINTIFF IN ERROR ON SETTLEMENT OF ORDERS.

May 13, 1907, is the last day on which a petition for writ of certiorari can be presented to the Supreme Court of the United States and a decision had on May 27, 1907, when the Supreme Court adjourns until next fall. The Supreme Court will not sit between May 13 and May 27. It is, therefore, of the utmost importance to plaintiff in error
78 that its petition for writ of certiorari be presented on May 13. With that end in view, counsel for plaintiff in error has already served upon counsel for defendants in error a copy of the petition for writ of certiorari and notice of making the application on May 13. The petition is only six pages long and has as an exhibit, a copy of the brief for plaintiff in error in the Circuit Court of Appeals. Immediately upon the affirmance, by this Court, of the order finding plaintiff in error in contempt, request was made to Mr. Pettit, counsel for defendants in error, to sign a stipulation that the order of affirmance be entered at once and all

the papers required to be served on the application 79
for writ of certiorari were served a week before May 13. In view of Judge Wallace's dissenting opinion and of the great importance of the question of law involved and of the fatal consequence to plaintiff in error, it would manifestly be unjust not to permit the entry of the order of affirmance so as to enable plaintiff in error to file with the Clerk of the Supreme Court, in accordance with the rules, all papers necessary to be filed on May 11.

In addition to the order of affirmance, plaintiff in error requests the entry of an order staying the issue of the mandate under the order of affirmance 80
until the decision of the Supreme Court either denying the application for the writ of certiorari, or, if the application be allowed, determining the questions of law brought up under the writ for its decision and determination. A bond having been filed to secure payment by plaintiff in error to defendants in error of the penalty of $1,000 imposed by the Judge of the Circuit Court finding plaintiff in error in contempt, collection of the fine should be stayed until the determination of the Supreme Court, and if the mandate issues before such determination, proceedings to collect the fine would, of course, be instituted in accordance with 81
the mandate.

Moreover, Judge Lacombe, believing the question of law to be one of considerable doubt, and it seems to be in view of Judge Wallace's dissenting opinion, stayed the preliminary injunction pending appeal in so far as it had been construed by him to enjoin plaintiff in error from selling disc sound-records for use on machines sold by the Victor Company and its licensees. Plaintiff in error has filed a bond in a large sum ($10,000) to indemnify defendants in error against damages accruing during the stay. Should the Supreme

82 Court be of opinion that the decision of this Court should be brought to it by writ of certiorari for review, it is manifest that the stay of the injunction, to the extent granted by Judge Lacombe, should continue until the determination of the question of law by the Supreme Court. Any other course would mean irreparable loss to plaintiff in error and immediate and utter destruction to its record making business. It is, therefore, respectfully submitted that the mandate should not issue for this second reason until the denial of the application for writ of certiorari by the Supreme Court, or, if the application be granted, until the
83 decision by the Supreme Court of the question of law involved. Upon the filing of the mandate and the entry of the order thereon in the Circuit Court, the stay becomes vacated and the collection of the fine is in order. Defendants in error are amply secured by a heavy bond and can suffer no possible injury. It may be argued that the application can be made to the Circuit Court, but the power of the Circuit Court is open to question and the whole matter being before this Court, it is but reasonable and proper that this Appellate Court should, by staying the mandate, indicate and order that until the determination of the difficult question of law involved by the Supreme Court, the present equit-
84 able condition shall continue, lest, in the event of a decision by the Supreme Court favorable to plaintiff in error, irreparable injury may have been done to plaintiff in error through the issue of the mandate, the collection of the fine and the vacation of the stay.

Dated New York, May 8, 1907.

Respectfully submitted,

LOUIS HICKS,
Counsel for Plaintiff in Error.

[28301]

A patent may embrace more than one invention, *Steinmetz* v. *Allen*, 192 U. S. 543, and it may embrace a process and the apparatus by which it is performed.

Where dependent and related inventions are patented separately a foreign patent for either does not affect the other under § 4887, Rev. Stat., and the same rule applies if such inventions are embraced in one patent.

While a combination is a union of elements which may be partly new, or wholly old or wholly new, the combination is a means distinct from its constituent elements, any of which, if new and patentable, may be covered by separate claims in the same patent as the combination.

Separate claims in the same patent are independent inventions, and the infringement of one is not the infringement of the others, and the redress of the patentee is limited by the injury he suffers; nor is the validity and duration of valid claims affected by the invalidity or expiration of any other claim. *Siemens* v. *Sellers*, 123 U. S. 276, distinguished.

In this case *held* that the foreign patent granted to Berliner for talking machines was not identical with certain claims included in his United States patent in suit and therefore his patent as to those claims did not expire with the foreign patent under § 4887, Rev. Stat.

A patent of the United States for an invention extends under § 4887, Rev. Stat., for the duration of the definite term for which a foreign patent may have been granted for the same invention, and does not expire by the forfeiture of such foreign patent or through the operation of a condition subsequent according to the foreign patent, such as the payment of fees during the life of the patent.

146 Fed. Rep. 534; 148 Fed. Rep. 1022, affirmed.

THIS case is here on certiorari to an interlocutory decree of injunction restraining the petitioner, Leeds & Catlin Company from manufacturing, using or selling sound reproducing apparatus or devices embodied in claim No. 35 of letters patent No. 534,543, issued to Emil Berliner, bearing date nineteenth of February, 1895, and also from manufacturing, using or selling or in any way disposing of apparatus or devices which embody the method specified in claim No. 5 of the same patent. These claims will be given hereafter.

The bill is in the usual form and alleges the issuing of the patent and the existence of the necessary conditions thereof

under the laws of the United States. It also alleges the transfer of title to the plaintiffs in the suit and the infringement of claims 5, 32 and 35 by the defendant, petitioner herein.

Petitioner answered, denying some of the allegations of the bill, and of others denying that it had knowledge or information sufficient to form a belief. Explicitly denied infringement, and alleged anticipation of the invention described in the patent by a great number of patents and publications in this country and other countries, an enumeration of which was made. And hence it is alleged that, in view of the state of the art, Berliner was not the first inventor or discoverer of any material or substantial part of the alleged improvement and invention described or claimed.

The answer further alleged that said letters patent did not describe or specify or claim any subject-matter patentable under the statutes of the United States, and are and always have been null and void. Abandonment is alleged and a two-years' use of the invention in this country before the application for the patent, that the invention and improvement were known and used by others and were in public use and on sale in this country by divers persons, a list of whose names is given.

It is alleged that before the invention was patented in the United States the same was patented, or caused to be patented, by Emil Berliner in foreign countries, and that by reason whereof, under § 4887 of the Revised Statutes of the United States, the letters patent in suit were limited to expire at the same time with said foreign patents and each of them. The numbers and dates of the foreign patents are given—two in Great Britain, three in France, three in Germany and one in Canada. They will be specifically referred to hereafter. And it is alleged that in consequence thereof the said letters patent of the United States have long since expired and plaintiff is not entitled to any relief by injunction or other relief in equity, that a court of equity has no jurisdiction of the suit, and that plaintiff has an adequate remedy at law. A replication was filed to the answer.

Upon the bill and certain supporting affidavits an order to show cause against a preliminary injunction was issued, which coming on to be heard upon such affidavits, and other affidavits and exhibits, a preliminary injunction was granted. 146 Fed. Rep. 534. It was affirmed by the Circuit Court of Appeals. 148 Fed. Rep. 1022.

Mr. Louis Hicks for petitioner:

Claims 5 and 35 of the patent in suit are void because they are claims for the functions of a machine. See dissenting opinion of Wallace, J., case below, 154 Fed. Rep. 61; *Westinghouse* v. *Boyden Co.*, 170 U. S. 537, 554; *Corning* v. *Burden*, 15 How. 252; *The Telephone Cases*, 126 U. S. 1, 531; *Risdon Locomotive Works* v. *Medart*, 158 U. S. 68, 78; *Hatch* v. *Moffitt*, 15 Fed. Rep. 252; *Cleveland Co.* v. *Detroit Co.*, 131 Fed. Rep. 740, 742; *Gage* v. *Kellogg*, 23 Fed. Rep. 891, 894; *Manhattan Co.* v. *Helios Co.*, 135 Fed. Rep. 785; *Tyden* v. *Ohio Co.*, 152 Fed. Rep. 183; *American Co.* v. *Steward*, 155 Fed. Rep. 731, 738; *American Co.* v. *Denning*, 160 Fed. Rep. 108.

Claims which describe the operation and effect of a machine have, without exception, been held invalid. *Busch* v. *Jones*, 184 U. S. 598, 607; *Risdon Locomotive Works* v. *Medart*, 158 U. S. 68, citing and approving *Mackay* v. *Jackman*, 12 Fed. Rep. 615; *Brainard* v. *Cramme*, 12 Fed. Rep. 621; *Gage* v. *Kellogg*, 23 Fed. Rep. 891; *Hatch* v. *Moffitt*, 15 Fed. Rep. 252; *Sickles* v. *Falls Co.*, 4 Blatch. 508; *Excelsior Co.* v. *Union Co.*, 32 Fed. Rep. 221; *Coupe* v. *Weatherhead*, 16 Fed. Rep. 673; aff'd 147 U. S. 322; *Stokes Co.* v. *Heller*, 96 Fed. Rep. 104; *Dodge Mfg. Co.* v. *Ohio Works*, 101 Fed. Rep. 584; *Dodge Mfg. Co.* v. *Collins*, 106 Fed. Rep. 935, 937; *Cleveland Co.* v. *Detroit Co.*, 131 Fed. Rep. 740, 742; *Travers* v. *Hammock Co.*, 78 Fed. Rep. 638; *Wells Glass Co.* v. *Henderson*, 67 Fed. Rep. 930, 935; *American Co.* v. *Elkhart Co.*, 84 Fed. Rep. 960; *Ginsdorff* v. *Deering*, 81 Fed. Rep. 952; *Dick Co.* v. *Henry*, 160 Fed. Rep. 690, 692.

Claim 35 of the patent in suit is void because it is indefinite

and meaningless and claims nothing. See *Merrill* v. *Yeomans*, 94 U. S. 568, 573; *Keystone Bridge Co.* v. *Phœnix Iron Co.*, 95 U. S. 274, 278; *Hardison* v. *Brinkman*, 156 Fed. Rep. 962, 967; *Cincinnati Co.* v. *American Co.*, 143 Fed. Rep. 322, 325.

Claims 5 and 35 of the patent in suit are void because anticipated by British patent No. 1644 of 1878 to Edison, and for lack of invention in view of the prior art. This defense is good and valid and should have been considered and decided on its merits by the courts below under the rule stated by this court in *Mast, Foos & Co.* v. *Stover Mfg. Co.*, 177 U. S. 485. See under this head: *McClain* v. *Ortmayer*, 141 U. S. 419, affirming 33 Fed. Rep. 284.

Claims 5 and 35 of the patent in suit are void because anticipated by United States patent No. 341,214 of May 4, 1886, to Bell and Tainter, or by British patent No. 6027 of May 4, 1886, to Johnson for the same Bell and Tainter invention, and for lack of invention in view of the prior art.

Claims 5 and 35 of the patent in suit are void because anticipated by Werner Suess, and for lack of invention in view of the prior art.

This defense rests upon the three following documents:

1. United States patent No. 427,279, of May 6, 1890, to Suess, assignor to Berliner.

2. Canadian patent No. 41,901 of February 11, 1893, applied for May 5, 1891, to Berliner, as assignee of Suess.

3. Berliner's lecture before the Franklin Institute of May 16, 1888, acknowledging Suess to be the inventor.

Berliner patent in suit No. 534,543, of February 19, 1895, was granted for an invention previously patented by Berliner in Germany, by Berliner German patent No. 53,622, of November 20, 1889. The term of the patent in suit, therefore, expired with the expiration of the term of the prior German patent on November 7, 1902, before this suit was begun. Revised Statutes, § 4887; *Bate Refrig. Co.* v. *Sulzberger*, 157 U. S. 1; *Société* v. *Electric Co.*, 97 Fed. Rep. 604, 605; *Siemens' Admr.* v. *Sellers*, 123 U. S. 276.